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*Michael Frauenthal & Associates, Inc.*

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*Appraisal of Roripaugh Ranch, Phase II, Temecula, CA*

These numbers range from projects currently under construction to those in the early stages of the planning process. Due to the risk and time associated with securing full entitlements, some projects may not come to fruition in the near-term or ever.

Also, research in the subject sub-market indicates that builders are holding off development of planned projects.

In summary, the market data reflects that the housing market has softened in the subject market area with sales activity down and home prices declining. However, unsold inventory has declined or remained relatively stable in both the overall and sub-market indicating that developers have cut supply waiting for demand to catch up.

### ***Immediate Market Area***

To gain additional insight into local market conditions, Michael Frauenthal & Associates, Inc. undertook a survey of active detached housing projects in the subject's Temecula market area in May 2008. The results of our survey are summarized in the following *Table 7*, which followed by a *location map*.

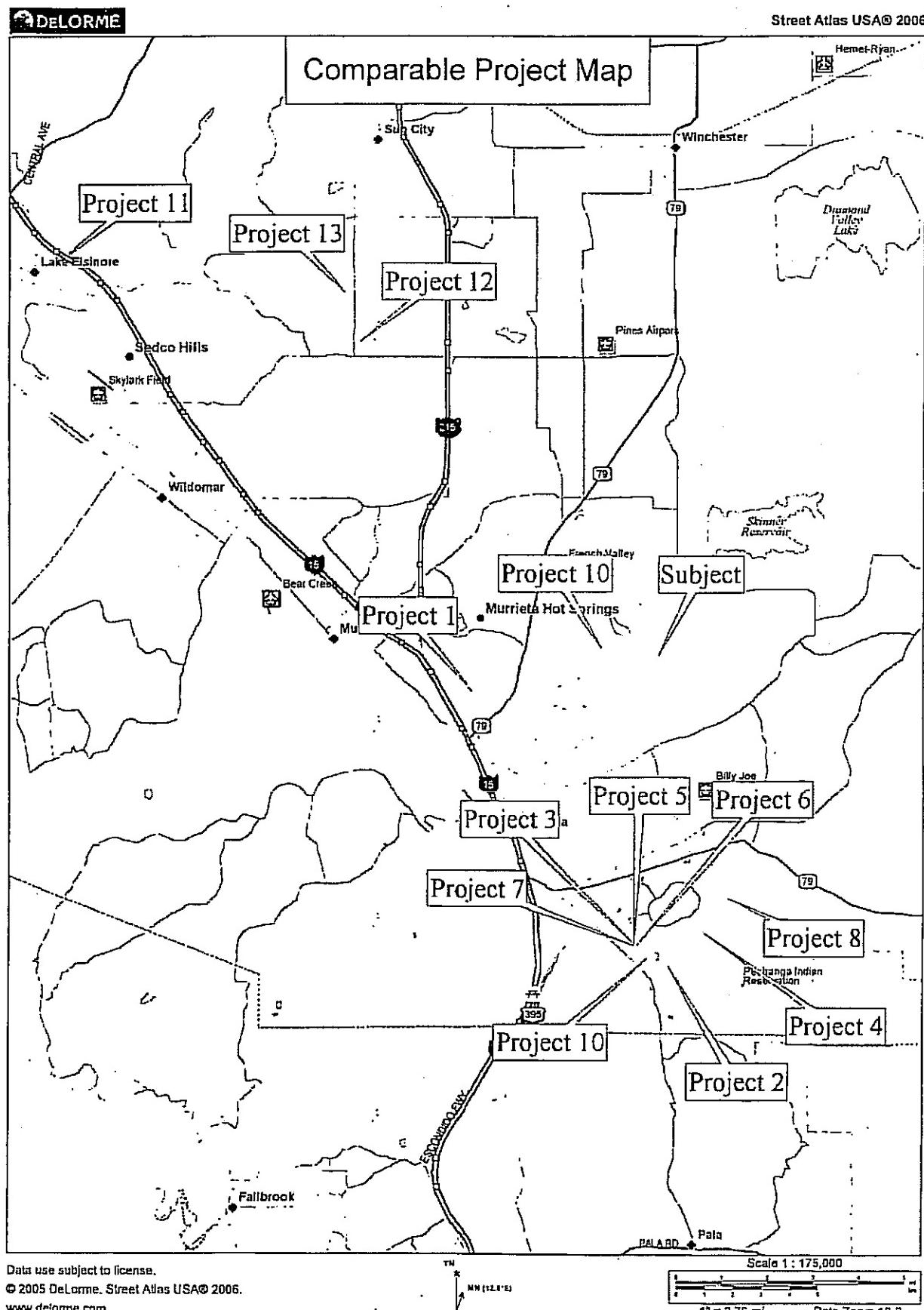
Our survey represents a sampling of competitive projects as there are numerous active projects in the area and competition is considered high. In fact, Lennar Homes has opted to close three active projects within the Harveston community prior to selling the proposed number of homes. We have presented 14 projects within our survey reflected detached homes ranging in size from 1,780 to 4,519 square feet on minimum lot sizes ranging from 4,000 to 43,560 square feet. Asking base prices within the project presented range from \$300,440 to \$654,990 with builder incentives ranging from \$10,000 to \$65,000.

The current asking base prices have been virtually reduced in all of the projects surveyed with price reductions equating to as much as 25% from peak market conditions. In addition to builders reducing asking base prices, incentives have also increased during the past 12 months as well as builders including upgraded flooring, cabinets and/or appliance packages as standard. The increased incentives along with builder included upgrades resulting in net price reductions exceeding 25% in most cases.

Along with significant price reductions, sales activity has declined from averaging 6.0 to 10.0 sales per month at the peak of the market to averaging 0.3 to 4.0 sales per project per month. The sales rates reported represent historical absorption rates for each of the comparable projects. As discussed

| PROJ NO. | PROJECT NAME & LOCATION | PRODUCT | EFFECTIVE TAX RATE % | BASE PRICE | LISTED PRICE | TYPICAL INVENTORY UNIT | EFFECTIVE BASE PRICE | TOTAL UNITS | RELEASED UNITS | GOLD UNITS | WHITE UNITS | FUTURE UNITS | DATE ADDED OPEN | AVG SALES PER MONTH |               |
|----------|-------------------------|---------|----------------------|------------|--------------|------------------------|----------------------|-------------|----------------|------------|-------------|--------------|-----------------|---------------------|---------------|
|          |                         |         |                      |            |              |                        |                      |             |                |            |             |              |                 |                     |               |
| 1        | CHARLESTON              | 1       | 32.5                 | 2.7        | 1,720        | \$30,440               | \$30,000             | 1,720,440   | \$152          | 108        | 98          | 81           | 5               | 10                  | Jan-00 230 40 |
| 2        | STRATFORD               | 2       | 32.5                 | 2.7        | 1,929        | \$32,900               | \$32,000             | 1,929,900   | \$157          |            |             |              |                 |                     |               |
|          |                         | 3       | 32.5                 | 2.7        | 2,057        | \$34,000               | \$30,000             | 318,020     | \$154          |            |             |              |                 |                     |               |
|          |                         | 4       | 32.5                 | 2.7        | 2,181        | \$32,900               | \$30,000             | 332,290     | \$148          |            |             |              |                 |                     |               |
|          |                         | 4       | 42.5                 | 2.7        | 2,750        | \$30,900               | \$30,000             | 326,980     | \$150          |            |             |              |                 |                     |               |
| 3        | GOTHICWOOD              | 1       | 32.5                 | 2.3        | 2,517        | \$30,415               | \$25,000             | 3790,835    | \$119          | 133        | 92          | 81           | 1               | 41                  | Feb-00 280 13 |
| 4        | HENNINGWAY              | 2       | 32.5                 | 2.3        | 2,514        | \$342,000              | \$10,000             | 3212,900    | \$114          |            |             |              |                 |                     |               |
|          |                         | 3       | 32.5                 | 2.3        | 2,578        | \$32,900               | \$10,000             | 342,990     | \$113          |            |             |              |                 |                     |               |
| 5        | WOLF CREEK              | 4       | 42.5                 | 2.3        | 2,750        | \$30,900               | \$10,000             | 326,980     | \$150          |            |             |              |                 |                     |               |
|          |                         | 1       | 32.5                 | 2.3        | 2,517        | \$30,415               | \$25,000             | 3228,810    | \$118          |            |             |              |                 |                     |               |
|          |                         | 2       | 42.5                 | 2.3        | 2,780        | \$402,330              | \$45,000             | 3344,230    | \$114          |            |             |              |                 |                     |               |
|          |                         | 3       | 42.5                 | 2.3        | 3,024        | \$402,330              | \$45,000             | 3400,990    | \$127          |            |             |              |                 |                     |               |
| 6        | SYCAMORE                | 1       | 32.5                 | 2.2        | 2,842        | \$304,800              | \$40,000             | 3254,800    | \$113          | 129        | 41          | 37           | 4               | 83                  | Nov-00 120 21 |
| 7        | REDWOOD                 | 2       | 42.5                 | 2.2        | 2,807        | \$401,000              | \$40,000             | 3200,900    | \$126          |            |             |              |                 |                     |               |
|          |                         | 3       | 42.5                 | 2.2        | 3,133        | \$425,700              | \$40,000             | 3265,700    | \$113          |            |             |              |                 |                     |               |
| 8        | STONEBRIAR              | 1       | 32.5                 | 2.3        | 2,680        | \$417,900              | \$45,000             | 3772,980    | \$129          | 131        | 49          | 44           | 5               | 84                  | Jul-00 220 20 |
| 9        | VALDMOSA                | 2       | 42.5                 | 2.3        | 3,071        | \$430,000              | \$45,000             | 3291,000    | \$126          |            |             |              |                 |                     |               |
|          |                         | 3       | 42.5                 | 2.3        | 3,263        | \$445,900              | \$45,000             | 3400,900    | \$172          |            |             |              |                 |                     |               |
|          |                         | 4       | 42.5                 | 2.3        | 3,383        | \$445,900              | \$45,000             | 3420,900    | \$127          |            |             |              |                 |                     |               |
| 10       | HUNNED                  | 1       | 32.5                 | 1.3        | 2,774        | \$424,900              | \$10,000             | 3414,900    | \$100          | 131        | 73          | 71           | 4               | 58                  | Sep-00 310 23 |
| 11       | VALDMOSA                | 2       | 42.5                 | 1.3        | 2,911        | \$457,200              | \$10,000             | 3471,200    | \$100          |            |             |              |                 |                     |               |
|          |                         | 3       | 42.5                 | 1.3        | 3,003        | \$481,000              | \$10,000             | 3471,000    | \$100          |            |             |              |                 |                     |               |
|          |                         | 4       | 42.5                 | 1.3        | 3,003        | \$481,000              | \$10,000             | 3471,000    | \$100          |            |             |              |                 |                     |               |
| 12       | REDWOOD                 | 1       | 32.5                 | 2.3        | 3,002        | \$356,000              | \$45,000             | 4,611,000   | \$148          | 159        | 82          | 80           | 3               | 87                  | Feb-01 220 27 |
| 13       | THE RANCHES II          | 2       | 42.5                 | 2.3        | 3,200        | \$378,000              | \$45,000             | 3211,000    | \$146          |            |             |              |                 |                     |               |
|          |                         | 3       | 42.5                 | 2.4        | 3,203        | \$410,000              | \$65,000             | 3454,000    | \$145          |            |             |              |                 |                     |               |
|          |                         | 4       | 54.5                 | 2.4        | 4,218        | \$425,000              | \$65,000             | 3221,000    | \$115          |            |             |              |                 |                     |               |
|          |                         | 4       | 54.5                 | 2.3        | 4,127        | \$350,000              | \$30,000             | 3538,900    | \$100          | 33         | 25          | 23           | 2               | 8                   | May-01 240 10 |
| 14       | GALLITY OAKS            | 1       | 32.5                 | 2.3        | 3,154        | \$359,800              | \$40,000             | 3420,000    | \$105          | 33         | 9           | 3            | 6               | 23                  | Jul-01 80 03  |
| 15       | CALDER RANCH            | 2       | 32.5                 | 2.3        | 3,281        | \$339,800              | \$40,000             | 3418,800    | \$114          |            |             |              |                 |                     |               |
|          |                         | 3       | 54.5                 | 2.4        | 4,240        | \$329,800              | \$40,000             | 3489,800    | \$104          |            |             |              |                 |                     |               |
|          |                         | 4       | 53.5                 | 2.4        | 4,247        | \$354,800              | \$40,000             | 3654,800    | \$154          |            |             |              |                 |                     |               |

Survey Date: June 2000 Source: Michael Properties &amp; Associates, Inc.



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the residential housing market has softened in recent months with sales activity declining. During the 1<sup>st</sup> quarter 2008, net sales activity ranged from 0 to 16 sales for the comparable projects with total net sales of 113 for the 13 projects, or an average absorption of 2.9 sales per project per month. The average historical absorption rate for the 11 projects is 2.2 sales per project per month. We have assumed absorption rates ranging from 1.0 to 3.0 sales per month depending on price range. The lower priced homes are assumed to sell at a faster pace than the higher priced homes.

### ***HOUSING MARKET SUMMARY AND CONCLUSIONS***

In summary, the housing market is experiencing a rapid slowdown, after several years of increased sales and pricing. Changing buyer perceptions and lending criteria are impacting the current market. Sales have slowed, inventory has increased, and prices have now declined significantly since the peak of the market, the price declines are further accentuated by builder incentives as well as included builder upgrade options.

The general consensus is that while the intrinsic appeal of Southern California (i.e. diverse economy, welcoming weather and a multitude of entertainment/recreational opportunities) will continue to require additional housing as the population expands over the long term, near-term conditions demand very competitive pricing in order to sustain a successful marketing campaign. Market conditions are not anticipated to improve significantly during the next two to three year period.

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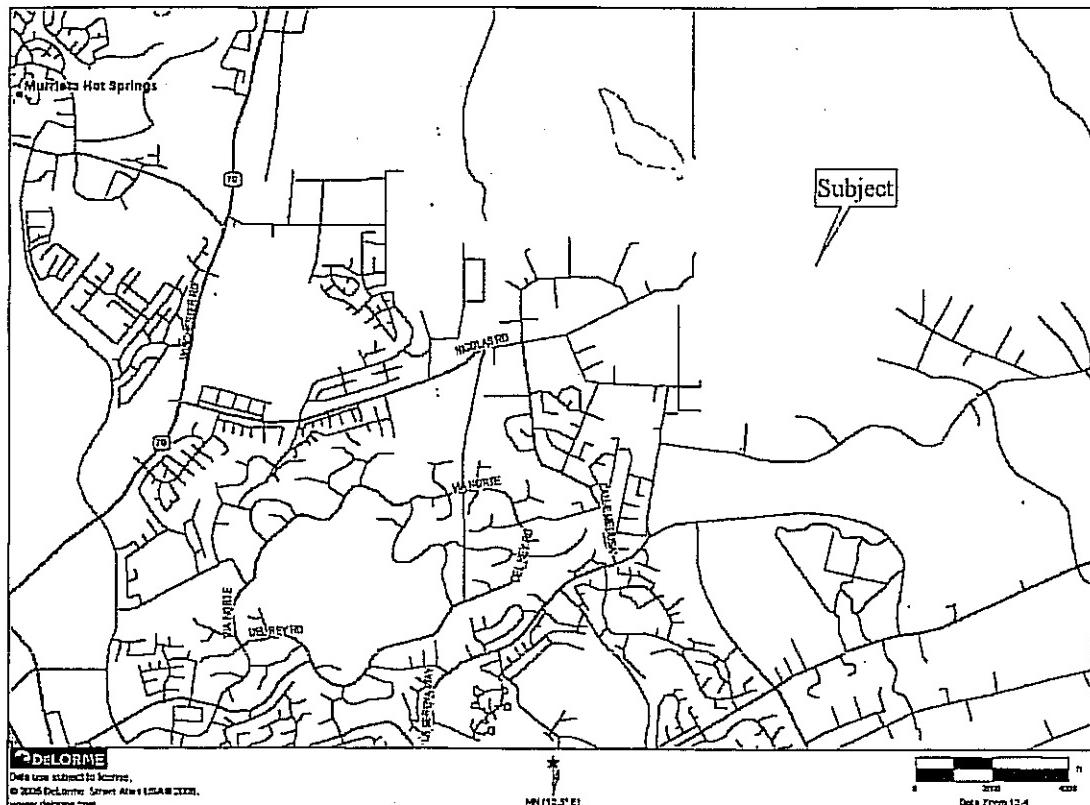
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## ***MARKET AREA DESCRIPTION***

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## ***NEIGHBORHOOD DESCRIPTION***

The subject property is situated in the northern portion of the city of Temecula. The subject master planned community is identified as the Roripaugh Ranch Specific Plan. This area is located east of Winchester Road on the south side of Murrieta Hot Springs Road. A *Neighborhood Map* is presented below.



The Roripaugh Ranch Specific Plan has been under development with a residential community containing 1,743 dwelling units on 804.7+ acres since 2002. In addition to new homes, the project will also provide supporting land uses such as commercial, recreation centers, sports park, neighborhood parks, and natural open space which includes 202.7± acres dedicated for biological habitat. The following paragraphs discuss the Roripaugh Ranch planned community.

### ***Residential Uses***

The project proposes 1,743 units, ranging from attached courtyard cluster homes to one-acre lots. The gross density will be 2.17 dwelling units per acre (1,743 units divided by 804.7 acres) with a net

density of 4.22 units per acre (1,743 units divided by 412.8 residential acres). The residential development of Roripaugh Ranch includes 107 homes proposed in the low density residential category (10,000-square foot minimums), 898 units in the low medium density residential category (5,000 to 6,000 square foot lots), 593 units proposed in the medium density residential category (3,150 and 4,000 square foot lots) and the remaining 145 units proposed in the medium density residential category (attached courtyard clusters).

The lower density housing areas (Planning Areas 19, 20, 21 & 33) are proposed adjacent to existing rural, large lot homes with the exception of Planning Area 10 which is near the northeast corner of Butterfield Stage Road and Murrieta Hot Springs Road. A portion of the low medium density housing is proposed west of Butterfield Stage Road and south of Murrieta Hot Springs Road (Planning Areas 1A, 2, 3, 4A & 4B). There will be additional low medium density housing along North Loop Road behind a proposed entry gate (Planning Areas 16, 17 & 18). Approximately half of the medium density units (Planning Areas 12, 14 & 15) will be centrally located within the community near the intersection of Butterfield Stage Road and North Loop Road while the remaining medium density housing (Planning Areas 22, 23, 24 & 31) is proposed within the loop created by North Loop and South Loop Roads. A Proposed Land Use Plan for Roripaugh Ranch is provided within the following pages.

### ***Commercial Site***

The community includes a  $15.4\pm$  gross ( $10.0\pm$  net) acre neighborhood commercial site (Planning Area 11) located at the southwest corner of Butterfield Stage Road and Murrieta Hot Springs Road.

### ***Schools***

The project plan includes a 12-acre elementary school site (Planning Area 29) and a 20-acre middle school site (Planning Area 28) for the Temecula Valley Unified School District (TVUSD). The TVUSD has already agreed in concept to the size and location of both sites. The schools are located adjacent to each other along the south side of North Loop Road.

### ***Parks/Recreation Centers***

A  $5.1\pm$  acre neighborhood park (Planning Area 6) is proposed on the south side of Murrieta Hot Springs Road, west of Butterfield Stage Road. A large ( $19.7\pm$  acre) sports park (Planning Area 27) is proposed at the southeast corner of Butterfield Stage Road and North Loop Road. Two private recreation centers are proposed. A  $5.2\pm$  acre recreation center (Planning Area 5) is proposed south of Murrieta Hot Springs Road in Phase I while a  $4.3\pm$  acre recreation center (Planning Area 30) is proposed on the south side of North Loop Road east of the schools in Phase II.

### ***Open Space***

Open spaces proposed in the Roripaugh Ranch Specific Plan are planned to be compatible with the open space/habitat conservation areas established within the adjacent Johnson Ranch and Mountain View/Rancho Bella Vista Specific Plan areas. It should be noted that, at present, all of the Johnson Ranch is currently planned for open space. The Assessment District 161 Subregional Habitat Conservation Plan (AD 161 SHCP) purchased 550 acres from the Johnson Ranch, and has already received a 10(a) permit from the U.S. Fish and Wildlife Service (USF&WS).

The current proposed Roripaugh Ranch project will preserve approximately  $260.9 \pm$  acres of open space. Of this,  $202.7 \pm$  acres is considered biological habitat to meet the requirements of the USF&WS. A deed restriction will be placed on the 202.7 acres of habitat land to maintain it in its natural state and minimize intrusion from recreation or other uses. The Specific Plan will preclude buildings or other structures from being constructed within this designation. Most of this open space is provided in Planning Area 13 (179.6 acres) adjacent to Santa Gertrudis Creek, with the rest provided in Planning Areas 7, 8, 9, 25, and 26.

### ***Offsite Improvements***

The project developer(s) will construct a variety of onsite improvements, including flood control storm drains, sewer lines, water lines, streets, etc. In addition, the project will require a number of offsite improvements, some of which are being processed and constructed by other public or private agencies. For example, Murrieta Hot Springs Road was recently (within last five years) extended from Calistoga Road along the northern boundary of the subject east of Pourroy Road.

A new major water line is being constructed by the Rancho California Water District (RCWD) to serve the City of Temecula. The two RCWD supply lines will be located in Nicolas Road, and easements in Murrieta Hot Springs Road, and Butterfield Stage Road. The TCWD has already prepared an EIR analyzing the impacts of this project. The Roripaugh EIR also addressed potential offsite impacts along Butterfield Stage Road south of the project to Las Serena, where appropriate, such as in the traffic and biology assessments.

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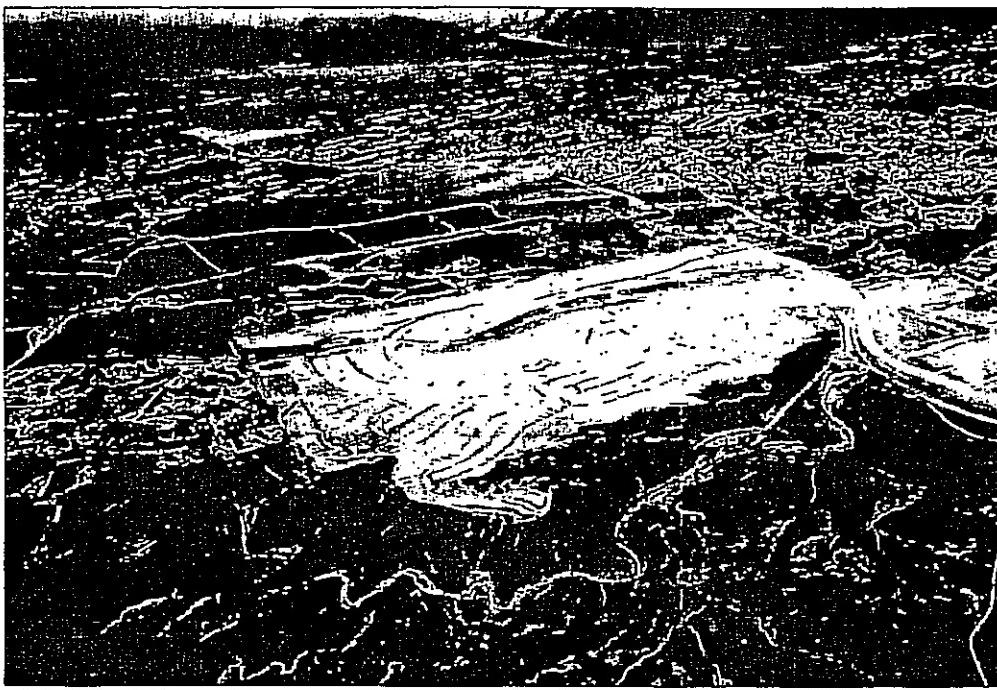
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## **SUBJECT PROPERTY**

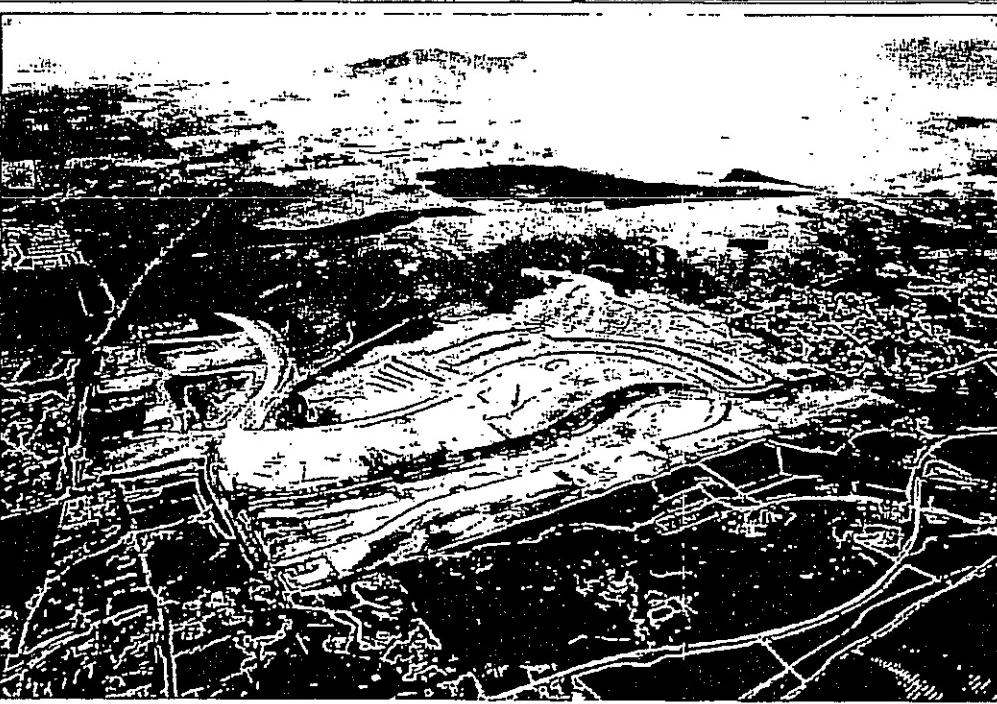
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SUBJECT PROPERTY PHOTOGRAPHS



*Aerial photograph of the subject as of July 4, 2008 facing south*

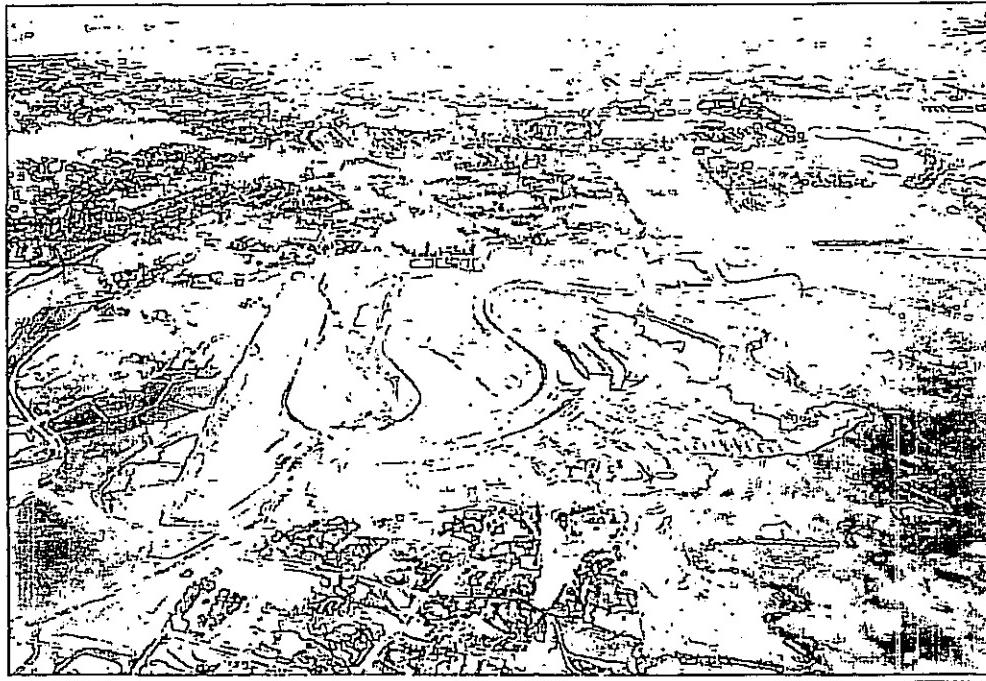


*Aerial photograph of the subject as of July 4, 2008 facing north*

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Appraisal of Ruripaugh Ranch, Phase II, Temecula, CA

SUBJECT PROPERTY PHOTOGRAPHS



*Aerial photograph of the subject as of July 4, 2008 facing west*

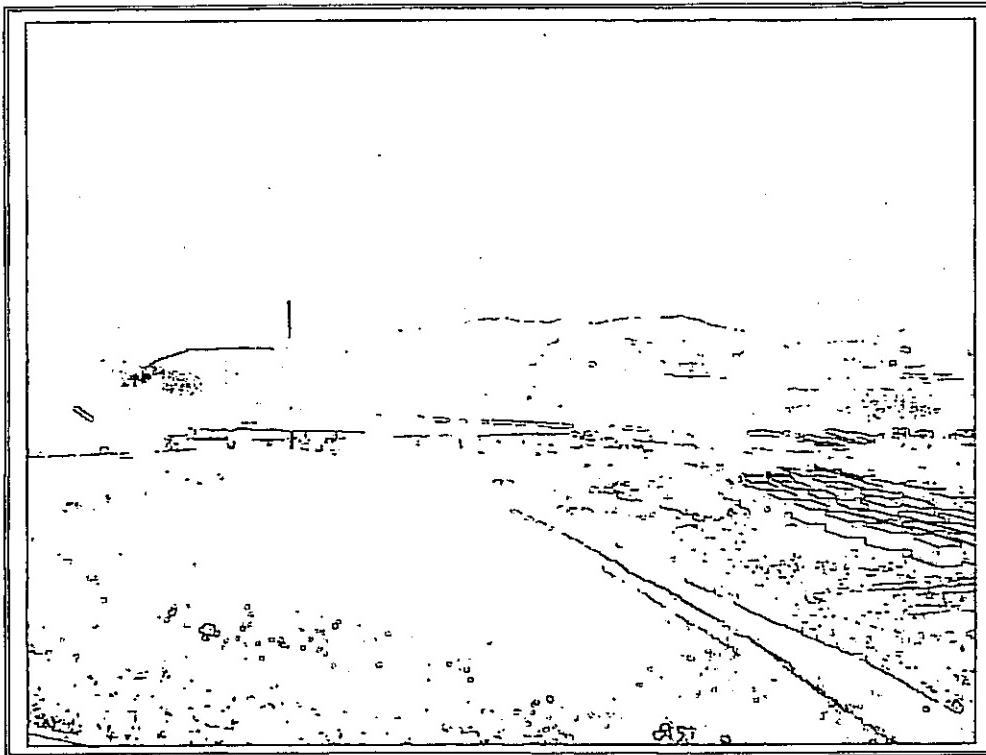


*Aerial photograph of the subject as of July 4, 2008 facing east*

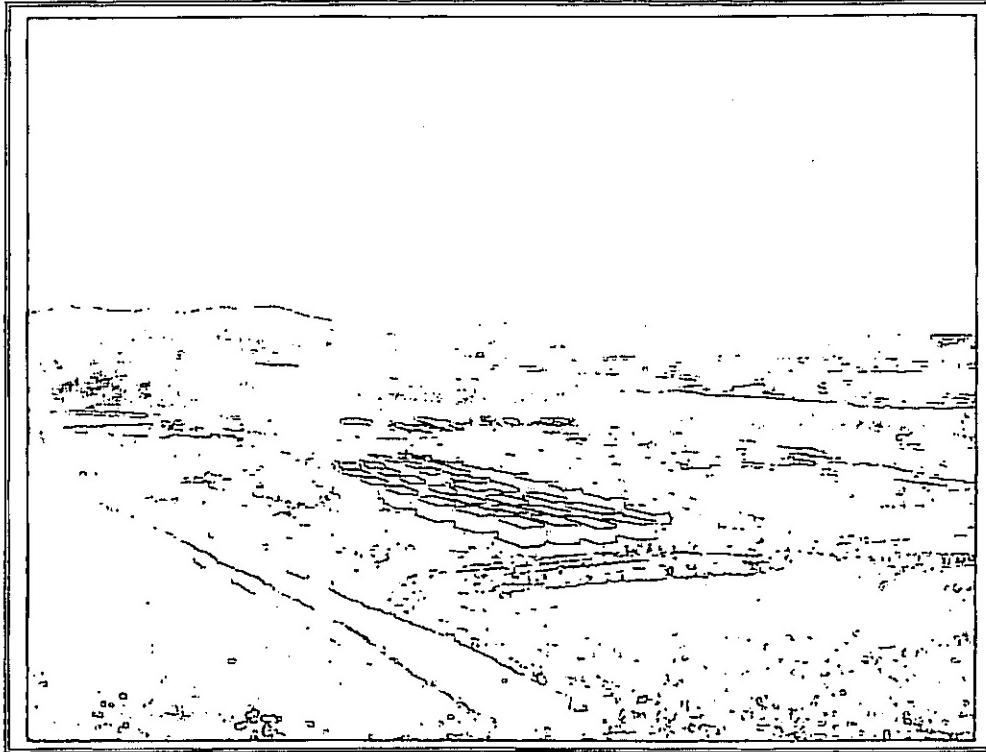
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SUBJECT PROPERTY PHOTOGRAPHS



*Western portion of the subject facing south*

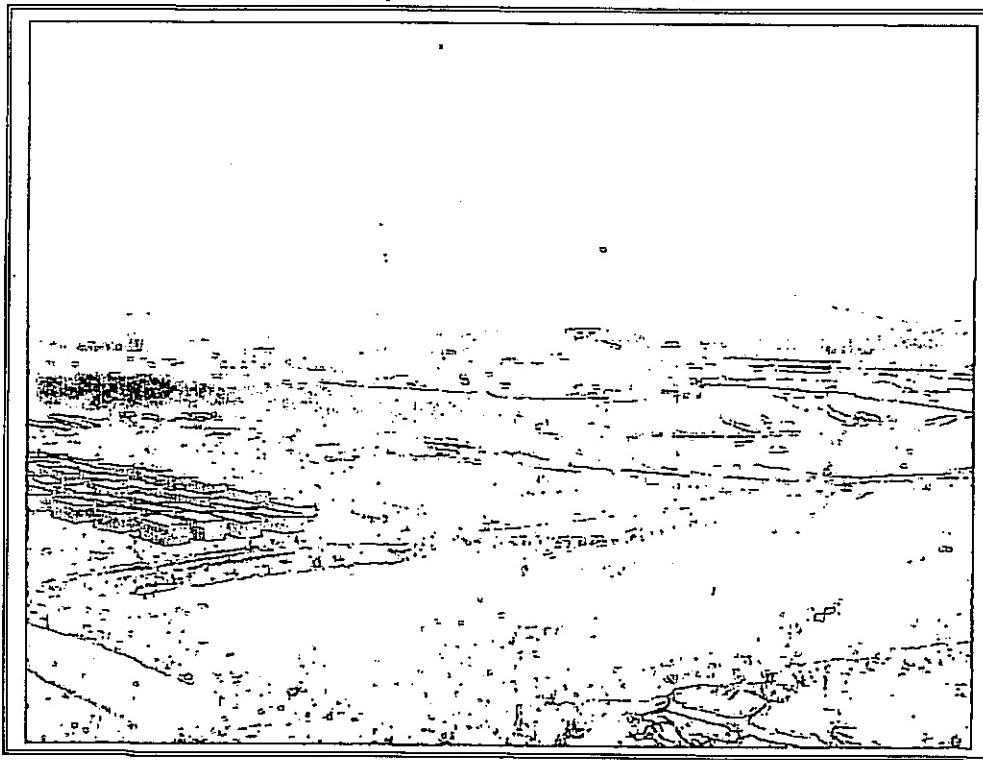


*Subject property facing southeast*

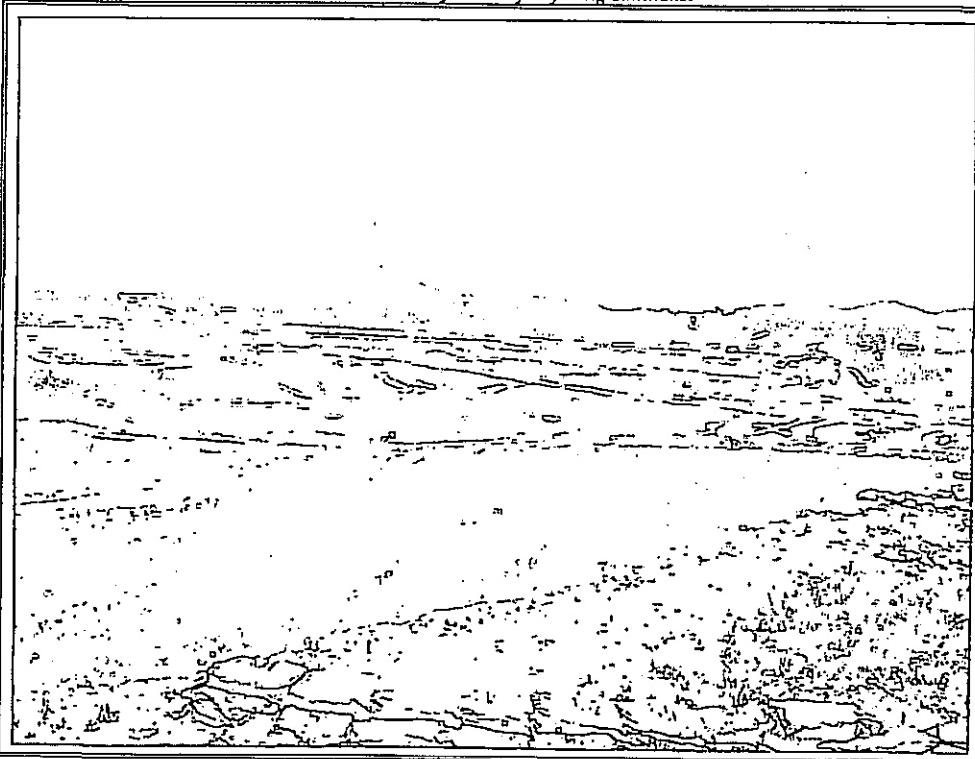
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SUBJECT PROPERTY PHOTOGRAPHS



*Alternate view of the subject facing southeast*



*Northern portion of the subject facing east*

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## **SITE DESCRIPTION**

### ***Subject Property***

The property being appraised includes Planning Areas 14 through 24, 28, 29 and 31 which comprise Phase II of the Roripaugh Ranch specific plan. Roripaugh Ranch is a planned community proposed with a total of approximately 1,743 residential units as well as neighborhood parks, two schools, sports complex, and neighborhood shopping center. Thirteen of the 15 Planning Areas are proposed to be subdivided for detached single-family residential construction while Planning Areas 28 & 29 represent elementary and middle school sites. Ashby USA, LLC has developed the subject land to a nearly blue-topped condition. The subject land requires completion of backbone improvements to be completed to a blue-topped status.

According to the Roripaugh Ranch Project Available Lots By Unit Type Schedule A provided by the master developer, the subject Planning Areas are proposed to include 1,061 residential housing units. This number varies from the Land Use Plan provided. Schedule A includes the most recent estimate of the proposed number units for Roripaugh Ranch and has been relied upon in this analysis. The subject Planning Areas are summarized in the matrix to the right.

| Planning Area | Gross Area (A) | No. of Lots  | Min. Lot Size (SF) | Description  |
|---------------|----------------|--------------|--------------------|--------------|
| 14            | 13.5           | 77           | 3,150              | Detached SFR |
| 15            | 14.1           | 104          | 3,150              | Detached SFR |
| 16            | 28.4           | 121          | 5,000              | Detached SFR |
| 17            | 40.2           | 147          | 6,000              | Detached SFR |
| 18            | 28.4           | 121          | 6,000              | Detached SFR |
| 19            | 31.2           | 26           | 21,780             | Detached SFR |
| 20            | 30.3           | 29           | 21,780             | Detached SFR |
| 21            | 23.9           | 24           | 21,780             | Detached SFR |
| 22            | 20.3           | 126          | 3,150              | Detached SFR |
| 23            | 10.9           | 51           | 4,000              | Detached SFR |
| 24            | 10.6           | 71           | 4,000              | Detached SFR |
| 28            | 20.0           | N/A          | N/A                | School Site  |
| 29            | 12.0           | N/A          | N/A                | School Site  |
| 31            | 24.6           | 164          | 3,150              | Detached SFR |
| <b>Totals</b> | <b>308.4</b>   | <b>1,061</b> | <b>N/A</b>         | <b>N/A</b>   |

### ***Location***

The subject property is located in the northern portion of the city of Temecula and is being developed as Roripaugh Ranch. The property is situated along the south side of Murrieta Hot Springs Road, east of Pourtoy Road. The subject Planning Areas are located east of Butterfield Stage Road, south of Murrieta Hot Springs Road approximately four and one-half miles east of the Escondido (215) Freeway and five miles east of the Temecula Valley (15) Freeway in the southwest portion of Riverside County, California.

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### ***Legal Description***

The land referred to in this report is situated in the state of California, county of Riverside and is described as follows:

SECTION 21, TOWNSHIP 7 SOUTH, RANGE 2 WEST, SAN BERNARDINO BASE AND MERIDIAN, IN THE CITY OF TEMECULA, COUNTY OF RIVERSIDE, STATE OF CALIFORNIA, ACCORDING TO THE OFFICIAL PLAT THEREOF.

EXCEPTING THEREFROM THAT PORTION AS CONVEYED TO THE CITY OF TEMECULA, BY DEED RECORDED MAY 22, 2003, AS INSTRUMENT NO. 2003-371374, OFFICIAL RECORDS.

ALSO EXCEPTING THEREFROM ANY PORTION LYING WITHIN TRACT 29353-2, AS PER MAP RECORDED IN BOOK 342, PAGES 73 THROUGH 85, INCLUSIVE OF MAPS, IN THE OFFICE OF THE COUNTY RECORDER OF RIVERSIDE COUNTY, CALIFORNIA.

### ***Assessor's Parcel Numbers***

According to Riverside County Assessor's Records, the subject property is currently referenced as Assessor's Parcel Numbers 964-180-004, 005, 007, 008, 010, 017, 018, 019, 020, 022, 023, 024, 025, 026 & 027. Individual parcel numbers for the proposed residential lots within the subject portion of Roripaugh Ranch have not yet been assigned. A *Plat Map* is presented on the following page.

### ***Zoning/Approvals***

The subject property is situated in the city of Temecula. According to the city, the property is zoned for a specific plan. The general plan indicates that the property be developed with residential uses with a maximum density of 3.0 dwelling units per acre. As proposed, the subject planning areas have an overall density of 3.3 units per acre; however, in addition to the subject planning areas, Roripaugh Ranch provides abundant open space reducing the overall density below the 3.0 units per acre.

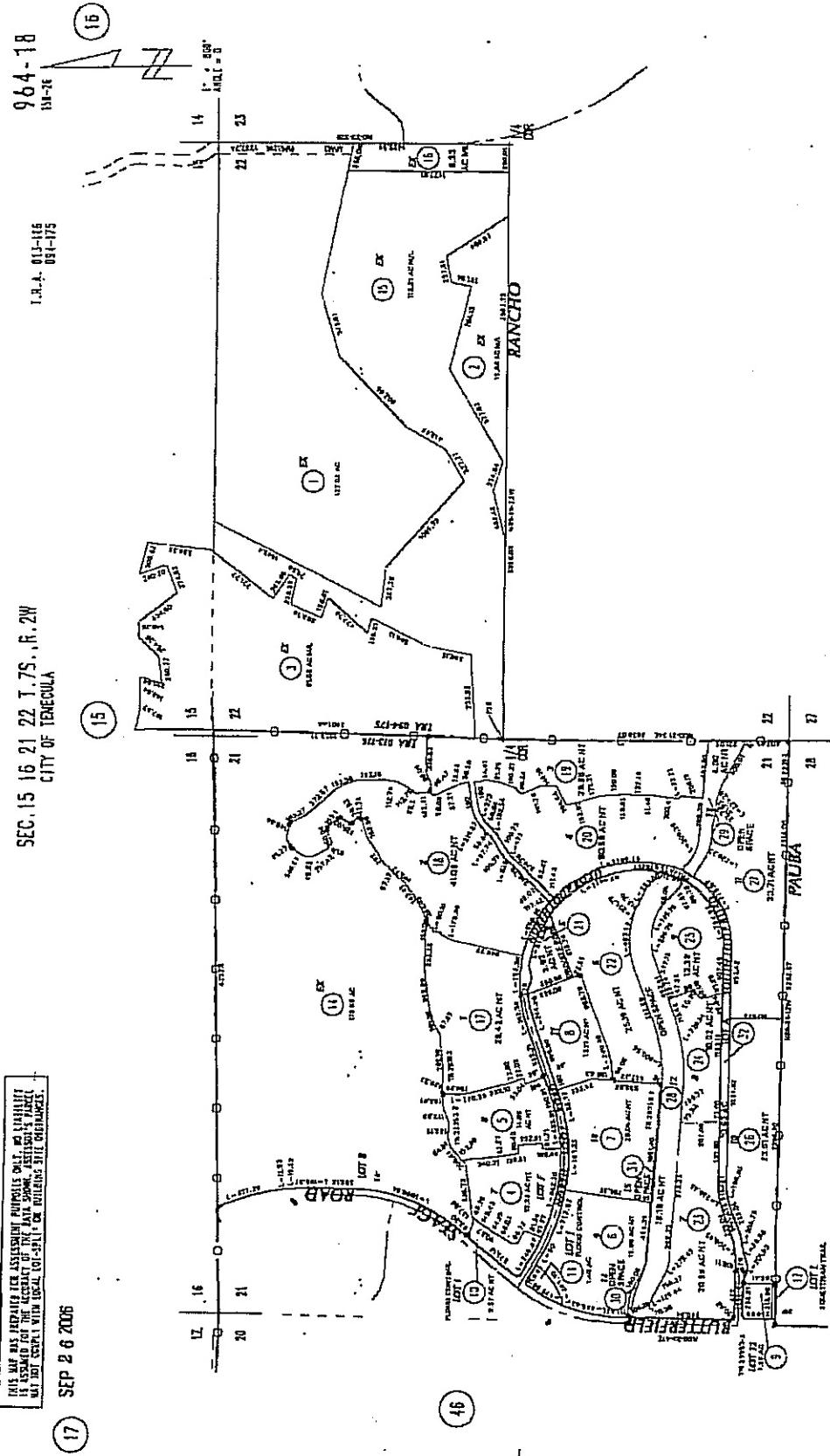
The entire project has been entitled as Tract No. 29353-1, 29353-2 and 29353 (The "A" Maps). The individual planning areas also have individual tentative tract maps as summarized in the table to the right. A tentative tract map for Planning Area 31 has not yet been submitted. Copies of the individual tract maps provided are included in the addenda section of this report.

| Tract Map | Planning Area(s) |
|-----------|------------------|
| 32356     | 14 & 15          |
| 29368     | 16, 17 & 18      |
| 29367     | 19               |
| 29366     | 20 & 21          |
| 32358     | 22               |
| 30768     | 23 & 24          |

SEC. 15 16 21 22 T. 7S., R. 2W  
CITY OF TERECULA

THE FEDERAL BUREAU OF INVESTIGATION, UNITED STATES DEPARTMENT OF JUSTICE, WASHINGTON, D. C.

SEP 28 2006



ASSESSMENT, 2003 EDITION, PT. 1B

RE 342-73-85 TRACT NO. 29355-2

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SEPTEMBER

Exhibit 1-00064

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***Land Area***

The subject property contains a gross area of  $308.4\pm$  acres with individual lot sizes ranging from  $3,150\pm$  square feet to  $1.8\pm$  acres. The gross area and minimum lot sizes for each individual planning area are summarized in the table at the beginning of the Site Description section.

***Thomas Brothers Map Book Guide Number***

929 E7/F7 & 959 E1/F1, Riverside County

***Census Tract***

432.03

***Zip Code***

92591

***Flood Zone***

According to the FEMA flood maps, the subject appears to lie within a Zone X flood zone per Community Map Number 060742 0005B, effective November 20, 1996. Zone X refers to areas of undetermined flood hazard. Flood insurance is not required with a Zone X designation.

***Earthquake***

The subject site does not lie within one of the special study earthquake areas designated in the Alquist-Priolo Special Studies Act of 1972. It must be noted, however, that all of southern California is considered to be subject to the potential impact of periodic seismic activity. This recognition is not considered to have an adverse affect on the subject's value or marketability because all properties in this area are equally affected.

***Topography***

The subject property is situated in an area with undulating terrain providing low elevation territorial views for a minimal number of lots.

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### ***Site Improvement Costs***

The master developer, Ashby USA, LLC, proposes to improve the residential planning areas to a blue-top condition, and then sell the lots to merchant builders who will develop the sites with detached single family homes. We have reviewed a Sources & Uses/Project Budget, dated May 26, 2007, providing estimated costs to complete the subject lots to a deliverable blue-topped condition. Although requested a more recent budget was not provided for our review. As of our last date of inspection, it appears that development has been stopped. The developer is experiencing difficulties obtaining the CFD funding because of legal matters.

The budget reflects development costs to improve Phase II from an unimproved condition to a blue-topped lot status as well as items completed through the date of the budget. Construction items eligible for CFD reimbursements have been identified, but reflect total costs. CFD reimbursements will be entered into the cash flow analysis as revenue to the project. *Table 8* presented on the following page summarizes total site development costs, costs expended to date and remaining site development costs for the subject development. A copy of the Roripaugh Ranch Sources & Uses/Project Budget can be found in the addenda section of this report.

As stated, construction has been stopped. The city of Temecula recently approved moving forward on the development of Butterfield Stage Road. According to the budget, remaining development costs for Butterfield Stage Road are estimated at \$14,087,636. The city is proposing to complete construction of Butterfield Stage Road using capital from the already funded CFD. Therefore, potential CFD reimbursements will be reduced by this amount. Potential CFD reimbursements are now estimated at \$26,017,366.

Remaining site development costs to complete Phase II to a blue-topped status have been estimated at \$61,703,878, or \$58,156 per lot.

Intract site improvements to complete the delivered blue-topped lots to a finished condition are the responsibility of the individual merchant builders. Ashby USA has provided intract cost estimates for the subject single-family planning areas, excluding school fees.

We have estimated school fees for each planning area based upon a cost of \$3.91 per square foot of living area as reported by Temecula Valley Union School district. Planning Areas 14, 15, 22 and 31 are anticipated to be developed with homes averaging of approximately 1,850 square feet. We have assumed average size homes of 2,200 square feet for Planning Areas 23 and 24. The average home size for Planning Area 16 has been estimated at 2,950 square feet. We have assumed an average size

**TABLE 8**  
**SITE DEVELOPMENT COST SUMMARY**  
**RORIPAUGH RANCH, PHASE II**

| <u>Category</u>                                                                                                                                 | <u>Total Cost</u>    | <u>Date of Value</u>  | Less Costs<br>Expended<br>Through | <u>Appraisers'<br/>Adjustment</u> | <u>Net Cost</u> | <u>Per Unit</u> |
|-------------------------------------------------------------------------------------------------------------------------------------------------|----------------------|-----------------------|-----------------------------------|-----------------------------------|-----------------|-----------------|
|                                                                                                                                                 |                      |                       |                                   |                                   |                 |                 |
| <u>Refinance Existing Senior Debt</u>                                                                                                           | \$37,087,038         | (\$37,087,038)        |                                   | -                                 | -               | -               |
| <u>Hard Costs</u>                                                                                                                               |                      |                       |                                   |                                   |                 |                 |
| Phase 1                                                                                                                                         | 1,800,000            |                       | (\$1,800,000)                     | -                                 | -               | -               |
| Phase 1                                                                                                                                         | 7,623,405            |                       | (7,623,405)                       | -                                 | -               | -               |
| Phase 2 and Creek Slope                                                                                                                         | 13,378,552           | (10,269,188)          |                                   | \$3,109,364                       | \$2,931         |                 |
| PA 30 Mega Rec Center                                                                                                                           | 7,039,553            | (23,504)              |                                   | 7,016,049                         | 6,613           |                 |
| Project Walls                                                                                                                                   | 1,300,000            |                       |                                   | 1,300,000                         | 1,225           |                 |
| Ped. Bridge Long Valley Channel                                                                                                                 | 500,000              |                       |                                   | 500,000                           | 471             |                 |
| N & S Loop Road w/Bridge                                                                                                                        | 10,448,937           | (2,111,422)           |                                   | 8,337,515                         | 7,858           |                 |
| Multi-Use Trail (Native Soil)                                                                                                                   | 200,000              | (117,000)             |                                   | 83,000                            | 78              |                 |
| Mitigation                                                                                                                                      | 900,000              | (371,356)             |                                   | 528,644                           | 498             |                 |
| Monumentation                                                                                                                                   | 300,000              |                       |                                   | 300,000                           | 283             |                 |
| Gated Entries (PA 30 & 21/22)                                                                                                                   | 800,000              | 200,000               |                                   | 1,000,000                         | 943             |                 |
| Sec. Gated Entries (PA 14/15/16)                                                                                                                | 200,000              | (200,000)             |                                   | -                                 | -               |                 |
| Habitat Fencing                                                                                                                                 | 300,000              |                       |                                   | 300,000                           | 283             |                 |
| Utility Connections                                                                                                                             | 1,500,000            | (537,910)             |                                   | 962,090                           | 907             |                 |
| Offsite Intersections                                                                                                                           | 198,950              | (198,950)             |                                   | -                                 | -               |                 |
| CFD Murieta Hot Springs Road                                                                                                                    | 4,277,643            | (2,814,020)           |                                   | 1,463,623                         | 1,379           |                 |
| CFD Butterfield Stage Road <sup>1</sup>                                                                                                         | 24,529,960           | (10,442,324)          | (14,087,636)                      | -                                 | -               | -               |
| CFD Nicolas Road                                                                                                                                | 11,667,881           | (839,323)             |                                   | 10,828,558                        | 10,206          |                 |
| CFD Calle Chapos                                                                                                                                | 337,209              | (41,098)              |                                   | 296,111                           | 279             |                 |
| CFD Fire Station                                                                                                                                | 1,200,000            | (1,200,000)           |                                   | -                                 | -               |                 |
| CFD Sports Park                                                                                                                                 | 7,400,000            | (653,828)             |                                   | 6,746,172                         | 6,358           |                 |
| CFD Environmental Mitigation                                                                                                                    | 3,669,553            | (243,000)             |                                   | 3,426,553                         | 3,230           |                 |
| CFD Neighborhood Park                                                                                                                           | 1,945,973            | (916,002)             |                                   | 1,029,971                         | 971             |                 |
| CFD Long Valley Channel                                                                                                                         | 8,073,903            | (2,417,101)           |                                   | 5,656,802                         | 5,332           |                 |
| CFD Santa Gertrudis Creek                                                                                                                       | 2,541,195            | (1,293,635)           |                                   | 1,247,560                         | 1,176           |                 |
| CFD North Loop Road                                                                                                                             | 453,798              | 862,871               |                                   | 1,316,669                         | 1,241           |                 |
| CFD South Loop Road                                                                                                                             | 131,844              | 215,680               |                                   | 347,524                           | 328             |                 |
| CFD Roripaugh Valley Road                                                                                                                       | 1,314,565            | (1,190,521)           |                                   | 124,044                           | 117             |                 |
| CFD Fiesta Ranch Road                                                                                                                           | 760,813              | (670,618)             |                                   | 90,195                            | 85              |                 |
| <u>Soft Costs</u>                                                                                                                               |                      |                       |                                   |                                   |                 |                 |
| Engineering Fees                                                                                                                                | 3,260,677            | (2,094,022)           |                                   | 1,166,655                         | 1,100           |                 |
| Environmental Fees                                                                                                                              | 350,000              | (350,000)             |                                   | -                                 | -               |                 |
| Payoff AD 161                                                                                                                                   | 92,453               | (92,453)              |                                   | -                                 | -               |                 |
| Builders Capital Fee                                                                                                                            | 250,000              | (250,000)             |                                   | -                                 | -               |                 |
| Fees, Bonds & Permits                                                                                                                           | 3,244,000            | (2,987,606)           |                                   | 256,394                           | 242             |                 |
| Taxes & Insurance                                                                                                                               | 6,078,632            | (1,844,032)           | (3,234,600)                       | 1,000,000                         | 943             |                 |
| Construction Management/General & Administrative                                                                                                | 4,400,000            | (1,137,615)           |                                   | 3,262,385                         | 3,075           |                 |
| Contingency                                                                                                                                     | 806,464              | (806,464)             |                                   | -                                 | -               |                 |
| Inspections                                                                                                                                     | 8,000                |                       |                                   | 8,000                             | 8               |                 |
| Ohio Savings Bank Debt Service Reserve                                                                                                          | 20,835,485           | (9,915,485)           | (10,920,000)                      | -                                 | -               |                 |
| <u>Bridge Financing Costs</u>                                                                                                                   | 20,000,000           | -                     | (20,000,000)                      | -                                 | -               |                 |
| <b>Total</b>                                                                                                                                    | <b>\$211,206,483</b> | <b>(\$91,836,984)</b> | <b>(\$57,665,641)</b>             | <b>\$61,703,878</b>               | <b>\$58,156</b> |                 |
| <u>Notes</u>                                                                                                                                    |                      |                       |                                   |                                   |                 |                 |
| 1. Not a development cost                                                                                                                       |                      |                       |                                   |                                   |                 |                 |
| 2. Accounted for separately in this analysis.                                                                                                   |                      |                       |                                   |                                   |                 |                 |
| 3. Cost is internal to master developer entity.                                                                                                 |                      |                       |                                   |                                   |                 |                 |
| 4. City has agreed to finish construction of Butterfield Stage Road using capital from CFD funding. This item is no longer a construction cost. |                      |                       |                                   |                                   |                 |                 |
| <i>Source: Roripaugh Ranch Sources &amp; Uses/Project Budget, dated May 26, 2007 (A more recent budget was not provided for our review.)</i>    |                      |                       |                                   |                                   |                 |                 |

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home of 3,200 for Planning Areas 17 and 18. Planning Areas 19, 20 and 21 are assumed to be developed with high-end move-up homes averaging approximately 3,500 square feet in size. The following table summarizes the estimated intract site development costs to be incurred by the merchant builders. *It should be noted that if development costs vary significantly from our estimates, the values concluded herein will be affected.*

| Planning Area                                                                | Lot Size (SF) | # of Lots    | Builder Credits/Lot | School Fees     | \$/Lot   | Total               |
|------------------------------------------------------------------------------|---------------|--------------|---------------------|-----------------|----------|---------------------|
| 14                                                                           | 3,150         | 77           | \$16,000            | \$7,243'        | \$23,234 | \$1,788,980         |
| 15                                                                           | 3,150         | 104          | \$16,000            | \$7,243         | \$23,234 | \$2,416,336         |
| 16                                                                           | 5,000         | 121          | \$18,000            | \$11,535        | \$29,535 | \$3,573,675         |
| 17                                                                           | 6,000         | 147          | \$18,000            | \$12,512        | \$30,512 | \$4,485,264         |
| 18                                                                           | 6,000         | 121          | \$18,000            | \$12,512        | \$30,512 | \$3,691,952         |
| 19                                                                           | 21,780        | 26           | \$21,000            | \$13,685        | \$34,685 | \$901,810           |
| 20                                                                           | 21,780        | 29           | \$21,000            | \$13,685        | \$34,685 | \$1,005,865         |
| 21                                                                           | 21,780        | 24           | \$21,000            | \$13,685        | \$34,685 | \$832,440           |
| 22                                                                           | 3,150         | 126          | \$16,000            | \$7,243         | \$23,234 | \$2,972,484         |
| 23                                                                           | 4,000         | 51           | \$16,000            | \$8,602         | \$24,602 | \$1,254,702         |
| 24                                                                           | 4,000         | 71           | \$16,000            | \$8,602         | \$24,602 | \$1,746,742         |
| 31                                                                           | 3,150         | 164          | \$16,000            | \$7,243         | \$23,234 | \$3,810,376         |
| <b>Total/Average</b>                                                         |               | <b>1,061</b> |                     | <b>\$26,843</b> |          | <b>\$28,480,626</b> |
| <i>Source: Roripaugh Ranch Project available lots by unit type (undated)</i> |               |              |                     |                 |          |                     |

These costs include both direct and indirect expenses and have been estimated at \$28,480,626, or \$26,843 per lot for the 1,061 subject lots.

### *Utilities*

Individual utility suppliers are listed to the right. According to the city of Temecula existing water and sewer facilities are adequate to serve the proposed subject development.

| Utility     | Provider                       |
|-------------|--------------------------------|
| Electricity | Southern California Edison Co. |
| Gas         | Southern California Gas Co.    |
| Water       | EMWD                           |
| Sewer       | EMWD                           |
| Telephone   | Verizon                        |

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### ***Easements***

According to the preliminary title report prepared by Orange Coast Title Builder Services, dated February 6, 2007, dedication of real property to the city of Temecula was reported for public road purposes. There is also an easement for a multi-use trail. We have additionally assumed standard public utility easements. The reported and assumed easements are not considered to adversely impact the marketability or development of the subject lots. No responsibility is taken for any easements or other matters affecting title not disclosed in the title report, and which are not readily apparent from a physical inspection of the property.

Additionally, based upon our physical inspection of the subject property, no apparent easements or encroachments exist which may negatively affect the subject's market value.

### ***Soils Report***

A soils report was not made available for our review. However, there was no indication of unusual soils conditions during our site inspections. Homes have been constructed in nearby tracts surrounding Roripaugh Ranch, with no apparent soils problems. Additionally, a majority of the earthwork for the proposed subject development has been completed with no significant problems reported.

The appraisers take no responsibility for sub-soil conditions and the appraised values reported herein are contingent upon the existence of soils suitable for the proposed residential development. Additionally, this appraisal assumes that no soil contamination exists.

### ***Wetlands/Special Habitats***

The subject property is situated within an area occupied by several endangered species including the California Gnatcatcher, Quino Checkerspot Butterfly, Riverside Fairy Shrimp and California Orcuti Grass, as well as 12 sensitive species.

Approximately 202.7± acres of the subject, mostly along the Santa Gertrudis Creek, have been set aside under the Assessment District 161 Sub-Regional (multi-species) Habitat Conservation Plan recently approved by the U.S. Department of Fish and Game. Therefore, the remaining developable portions of Roripaugh Ranch are not considered to be designed as wetlands or special habitat areas.

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### *Streets*

The subject lots are situated along double loaded residential streets with 60-foot right-of-ways. The proposed collector streets will have 66-foot right-of-ways while the primary traffic arteries, Murrieta Hot Springs, Butterfield Stage and Nicolas Roads, are proposed with 110-foot widths. Primary access to the proposed master planned community is provided via Murrieta Hot Springs Road from the west, 15 and 215 freeways, and Butterfield Stage Road from the south. The proposed streets appear to provide adequate access to the subject property and good circulation through-out the development.

### *Current Condition*

The current condition of the subject site can be seen from the photographs preceding this section. The subject project has been bulk graded with streets cut, bridges constructed and some utilities installed. The site requires additional street improvements as well as utilities and common area improvements to be completed to a deliverable (blue-topped condition). The master developer intended to complete the subject planning areas to a blue-topped status, and then sell the individual planning areas to merchant home builders. Development of the site has been stopped due to the lack of funds and weakened market conditions.

According to the site development budget, dated May 26, 2007, available for our review, the cost to complete the subject site from its current condition to a blue-topped status has been estimated at \$61,703,878, or \$58,156 per lot.

Merchant builders will be required to provided intract improvements and pay fees due at building permit for the single family residential lots. The intract costs have been estimated at \$28,480,626, or \$26,843 per lot for the 1,061 subject lots.

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## ***PROPERTY HISTORY***

The following property history synopsis conforms to current appraisal standards, which require reasonable detail regarding any current agreement of sale, option, or sales listing of the subject property, as well as any prior sales of said property that have occurred within three years preceding the date when this appraisal was prepared.

According to the title report provided for our review, Ashby USA, LLC, a California limited partnership, owns the subject property. Ashby USA acquired title to Roripaugh Ranch in two phases. The first phase was acquired in 1998 for a reported \$2,165,277. The second phase was acquired in 2002. The reported land cost for the Phase II site is \$8,661,108 per the Ashby USA, LLC proformas reviewed.

The first phase of lot deliveries included 509 lots comprising Planning Areas 1A, 2, 3, 4A and 4B. These five planning areas were sold several years ago to various merchant builders which have in turn resold their interest to other merchant builders. The Phase I lots have been completed to a nearly finished condition with all infrastructure in-place. There continues to be a delay in the city releasing building permits because of infrastructure requirements.

According to Peter Olah with the master developer, KB Home Coastal Inc. entered into an Option Agreement with Ashby USA to purchase the subject residential planning areas on July 11, 2005. Since the original agreement, the agreement was amended several times. The final amendment included an agreement for KB Home to purchase 1,089 lots within the subject residential planning areas for approximately \$224,908,200, or \$206,527 per lot.

The option agreement included an alternative option purchase price for 407 lots comprising Planning Areas 16, 23, 24 & 31. The purchase price for this option is equal to 90% of the lesser of a) the Ten Percent Market Price Per Residence as determined for each such Planning Area multiplied by the number of lots approved for the planning area, (calculated by deducting hard and soft construction costs as well as a 10% profit from the total sales revenue per residence) or b) the amount set forth in the Per Lot Purchase Price column on Schedule 1-A (included in the addenda) by the number of lots approved for the planning areas.

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KB Home subsequently decided to not proceed with the purchase of any of the subject lots. According to Mr. Olah the project manager, KB Home withdrew their interest sighting the developer's failure to complete the required site development. K. Hovnanian, reportedly had a back-up offer to purchase a portion of the lots, but nothing was disclosed regarding the status or conditions of this potential purchase. We have assumed that K. Hovnanian is no longer interested in the property at this time.

No other transactions are known to have occurred regarding the subject property during the past three year period.

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## **ASSESSMENT AND TAX DATA 2008/09**

### ***Tax Rate Area***

013-016

### ***Effective Tax Rate***

2.0% (2008/09)

### ***Additional Assessments***

The subject property is in the boundaries of Temecula Public Financing Authority Community Facilities District No. 03-02 (Roripaugh Ranch) Riverside County. The subject is also within the boundaries of the southwest area road and bridge district and the Temecula community service area 152 Riverside County waste resources management district. It is important to note that it is a special limiting condition of this report that the effective tax rate for the proposed subject homes is equal to 2.0% of the home price.

A detailed summary breakdown of the proposed assessments was not provided to these appraisers. The bonding capacity for Roripaugh Ranch was estimated by Peter Olah at \$52,000,000 of which \$40,105,002± is allocated for construction funding.

For the purpose of this valuation, we have utilized a 2.0% effective tax rate which is consistent with the majority of the competitive master plan communities in this market area.

### ***Homeowners' Association (HOA)***

The subject neighborhoods will be in a master homeowners' association with HOA fees estimated at \$125 per home per month.

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## **HIGHEST AND BEST USE**

The term "Highest and Best Use," as used in this report is defined as:

"The reasonably probable and legal use of vacant land or an improved property, which is physically possible, appropriately supported, financially feasible, and that results in the highest value."

(Source: Appraisal Institute, *The Appraisal of Real Estate*, 12th Edition, 2001)

The following tests must therefore be met in estimating the highest and best use:

- A. The use must be legally permissible.
- B. The use must be physically possible.
- C. The use must be financially feasible.
- D. The use must be maximally productive.

The above definition of highest and best use applies to the use of a site as though vacant, as well as to the total property as improved. When a site contains improvements, the highest and best use may be determined to be different from the existing use. The existing use will continue unless and until the land value in its highest and best use exceeds the sum of the value of the entire property in its existing use plus the cost to remove the improvements.

### ***AS VACANT***

#### ***Legally Permissible***

The subject property is included within Tracts 29353-2 and 29353, both "A" maps with the individual planning areas having tentative tract maps with the exception of Planning Area 31. The tentative tract map for Planning Area 31 is to be submitted to the city in April 2007. The approved specific plan for the subject allows a total of 1,743 dwelling units with minimum lot sizes ranging from 3,150 to 21,780 square feet. The proposed lots conform to the zoning and density standards outlined in the Roripaugh Ranch Specific Plan. The subject has a proposed density of 3.3 dwelling units per acre, but is considered to conform to the General Plan because of the abundant open space reducing the gross density to less than 3.0 dwelling units per acre.

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### ***Physically Possible***

The subject site consists of mass-graded land proposed for residential and public facility (school) development. There are no known problems with toxics, flooding, landslides, size, or other physical characteristics. In short, the subject site is considered physically suited for the legally permissible residential/public facility development.

### ***Financially Feasible***

To be financially feasible, a proposed use must be profitable. Profitability in this case requires that the aggregate retail value of the potential homes exceeds the land development, home construction, and costs of sale. In the Land Valuation section of this appraisal, we include developmental (land residual) analyses, in which all costs related to building and selling homes at the subject tracts are deducted from the estimated sales revenues. The resulting values are positive, indicating that development of the subject planning areas is financially feasible. However, the individual planning areas can not be developed until the remaining required infrastructure is completed. A cash flow analysis including revenues from the sale of the planning areas and the CFD reimbursements is provided indicating that it is marginally feasible to continue with development of the project as proposed. That is to say that the "as is" value indication is greater than the value of the property if sold as spec land.

### ***Maximally Productive***

Based on the legal and physical characteristics of the subject property, its potential development is limited to a primarily residential community. In addition, our developmental analyses indicate residential development as proposed is marginally financially feasible. That is not to say that no other product mix could be successful, rather, the proposed development adequately meets current size requirements to be competitive. Therefore, it is our conclusion that the highest and best use of the subject is to develop the land and sell the individual planning areas to residential and public facility (school district) developers as planned.

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## ***VALUATION***

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## APPRAISAL PROCEDURES

We have been asked to appraise the market value of the subject property under the following scenarios:

- the "*as is*" *market value* of the subject land, including and excluding CFD reimbursements;
- the *prospective value* of the subject land assuming completion to a blue-topped assuming completion to a blue-topped status, including and excluding CFD reimbursements; and
- the *investment value* of the subject land to AmTrust Bank, including and excluding CFD reimbursements.

The subject property includes Planning Areas 14 through 24, 28, 29 and 31 included within Phase II of the Roripaugh Ranch specific plan. Twelve of the 14 Planning Areas are proposed to be subdivided for detached single-family residential construction while Planning Areas 28 & 29 represent elementary and middle school sites. Ashby USA, LLC is developing the area to a blue-topped condition then proposes to sell the components to merchant homebuilders. Bulk sales of entire communities similar to the subject are relatively rare. In any event, because of significant differences in project orientation, scope, amenities, development costs, and other characteristics, sales of entire planned communities do not always form a reliable basis for valuing the subject property.

Instead, we have estimated individual values for groups of lots identified by Planning Area. The individual values for each Planning Area, assuming completion to a blue-topped status, were then entered into a cash flow and discounted for entrepreneurial profit, selling expenses, carrying costs as well as costs required to develop the site and time to complete and sell the individual components.

The values for the individual planning areas were estimated utilizing both the Sales Comparison and Developmental Approaches.

In the Sales Comparison Approach, recent sales of sites with similar zoning and/or proposed uses were analyzed to estimate the appropriate value for an individual planning area. In the Developmental Approach, sale prices and absorption rates are estimated for the anticipated for-sale housing likely to be built within the development. From the gross sales revenues, the estimated costs to carry the land and build and sell the homes are deducted. All of the hard and soft construction costs, including financing costs, are considered. The resulting cash flows are

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discounted at an appropriate rate to yield a present value that is indicative of the price a builder would pay for the finished lots.

The values indicated by the Sales Comparison and Developmental Approaches are then reconciled to a single value conclusion for each of the residential planning areas.

In the final step of the "as is" value analysis, all forecasted revenues and expenses associated with the development and sale of the planning areas are summed and discounted to arrive at an "as is" value for the property as a whole. We have additionally estimated the prospective value of the subject property assuming completion to a blue-topped status utilizing a similar discounted cash flow analysis. The primary difference between the "as is" and blue-topped cash flow analyses is that development costs are removed because the lots are assumed completed at this point in time and time frame is reduced to reflect the sell-out of the planning areas.

An Income Approach was not utilized in our estimate of value for the individual planning areas because the proposed lots will be available for sale only and not to be leased. The income potential of the property is based on the sales volume that can be generated by the sale of the proposed lots. This income is analyzed utilizing a discounted cash flow analysis indicating an estimated value upon completion of development.

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## ***LAND VALUATION***

The first step in the appraisal process is to estimate a value for the subject land. This section of the report sets forth the subject land valuation. We start with estimating values for each planning area. The subject is comprised of 14 planning areas, 12 containing single-family residential lots ranging in minimum size from 3,150 to 21,780 square feet. The remaining two sites are scheduled for public school development.

In order to estimate a value for each planning area, we have analyzed one planning area for each product category under the Sales Comparison and Developmental Approaches. We have selected Planning Areas 14 (3,150 square foot lots), 16 (5,000 square foot lots), 18 (6,000 square foot lots), 20 (21,780 square foot lots) and 24 (4,000 square foot lots) as sample tracts to be analyzed as they represent each of the subject lot size categories. We will assign the same per lot value estimates for the remaining planning areas comprised of similar minimum size lots.

Planning Areas 28 and 29 are scheduled for public school sites. School sites are purchased based upon the underlying residential land values in the area. In the subject case we have assigned the same per acre price estimated for Planning Area 31 to the school sites, as Planning Area 31 is contiguous to both Planning Areas 28 and 29.

### ***VALUATION OF RESIDENTIAL PLANNING AREAS***

As indicated above, we have valued the individual planning areas under the Sales Comparison and Developmental Approaches to value. We begin with the Sales Comparison Approach.

#### ***SALES COMPARISON APPROACH***

Under the Sales Comparison Approach, bulk sales of lots similar to those under appraisal are gathered and analyzed. The most common unit of comparison for residential land is the price per lot or unit. The comparable sales are adjusted for characteristics that are different than the subject property, resulting in a value indication for the subject lots.

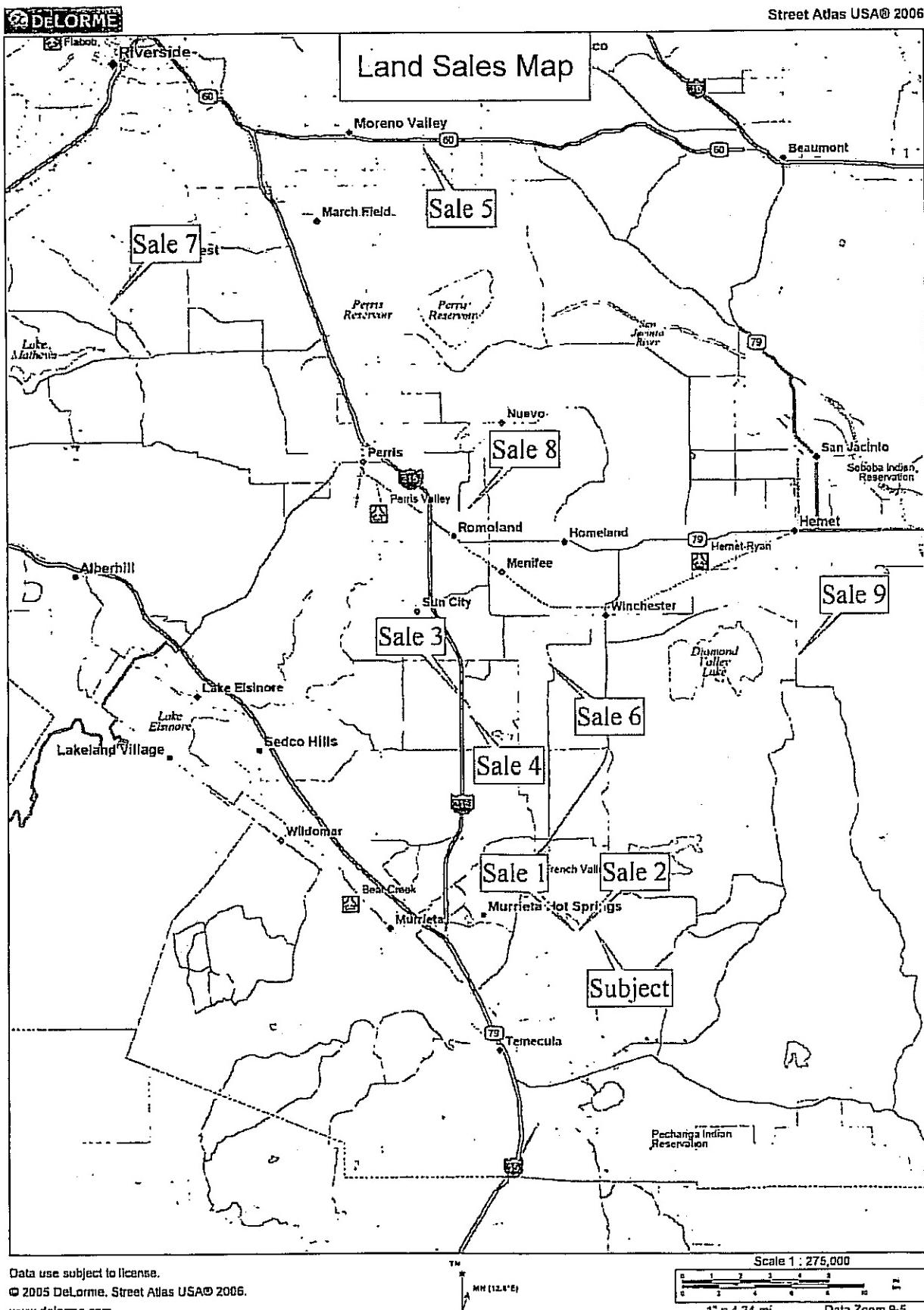
We have researched the public records and contacted buyers, sellers, and brokers of residential land in the subject's vicinity in an effort to identify and confirm recent sales of similar residential land. Information on several recent sales was obtained and verified, and is summarized in the following *Table 9*. A *Location Map* for the land sales presented is included following the table. The sales are discussed briefly below, and individual data sheets can be found in the Addenda.

**TABLE 9**  
**LAND SALES SUMMARY**  
**RORIPAUGH RANCH, PHASE II**

| Comp | Builder, Location, Identification                                                                                                    | Map Grid   | No. Units | Minimum Lot Size (sf) | Condition at Delivery                                            | Sale Price   |              | Finishing Costs* | Appro., Finished Lot Cost* |
|------|--------------------------------------------------------------------------------------------------------------------------------------|------------|-----------|-----------------------|------------------------------------------------------------------|--------------|--------------|------------------|----------------------------|
|      |                                                                                                                                      |            |           |                       |                                                                  | Closing Date | Total        |                  |                            |
| 1    | Murrieta Hot Springs Rd. W of Butterfield Stage Rd<br>Roripaugh Ranch, Temecula, CA<br>Tanimura Homes<br>Tract 28661-4<br>TT 28661-3 | 929 D6     | 100       | 5,000                 | Nearly-finished w/receded map                                    | Apr-08       | \$6,000,000  | \$50,000         | \$31,376                   |
| 2    | Murrieta Hot Springs Rd. W of Butterfield Stage Rd<br>Roripaugh Ranch, Temecula, CA<br>Tanimura Homes<br>Tract 28661-3               | 929 C6     | 59        | 5,000                 | Nearly finished w/entire lot map                                 | May-08       | \$5,346,000  | \$51,000         | \$38,104                   |
| 3    | SWC of Craig Avenue & Palomar Road<br>Menifee, CA<br>McKinley Capital Partners LLC<br>Tract 28206-3                                  | 868 F5     | 84        | 7,200                 | Blue-topped w/wat utilities w/final map                          | Apr-08       | \$1,782,000  | \$28,000         | \$45,000                   |
| 4    | NWC of Garban & Palomar Roads<br>Menifee, CA<br>Well Communities LLC<br>Tract 28206-1 & F                                            | 868 F5/G   | 128       | 7,200                 | Blue-topped w/wat utilities w/final map                          | Mar-08       | \$3,584,000  | \$26,000         | \$45,000                   |
| 5    | Eucalyptus Avenue, W of Nacon Street<br>Moreno Valley, CA<br>Richardson Communities<br>Tract 2725                                    | 718 A-J/B3 | 184       | 7,200                 | 70 finished lots<br>26 lots finished xtra lots<br>65 Graded lots | Jan-08       | \$3,500,000  | \$19,022         | \$59,500                   |
| 6    | SWC Newport Road & Leon Road<br>Winchester, CA<br>Bluecap Winchester<br>Tract 21892                                                  | 868 B2     | 378       | 7,200                 | Blue-topped w/final map                                          | Nov-07       | \$10,500,000 | \$27,704         | \$50,000                   |
| 7    | NE of Mockingbird Canyon Road at Mariposa Avenue<br>Worrell, CA<br>KB Home<br>Tract 22100                                            | 745 G6     | 131       | 43,560                | Unimproved w/receded map                                         | Feb-08       | N/A          | N/A              | \$335,000                  |
| 8    | NEC of Mapes Road & Trade Winds Drive<br>Romoland, CA<br>Griffin Communities<br>Tract 31607                                          | 808 E6     | 65        | 21,780                | Unimproved w/entire lot map                                      | Jun-08       | \$4,411,250  | \$67,865         | \$160,542                  |
| 9    | NEC of Sisite Street & Newport Road<br>Hemet, CA<br>Larner Homes<br>Tract 32717                                                      | 871 A1/B1  | 44        | 20,600                | Blue-topped w/entire lot map                                     | Jan-08       | N/A          | N/A              | \$165,000                  |

\*Including all development impact fees.

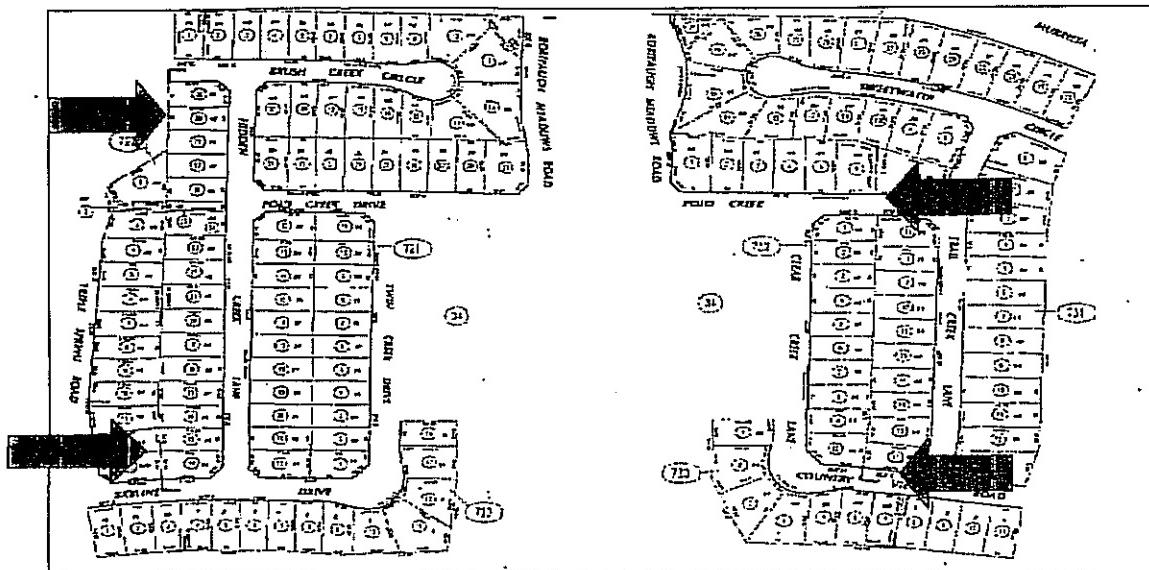
Source: Michael Fratantoni &amp; Associates, Inc.



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*Michael Fruenthal & Associates, Inc.**Appraisal of Tract 30808-1, Winchester Ranch, Winchester, CA***LAND SALE 2****PROPERTY DATA**

Identification: Roripaugh Ranch, Phase I (Planning Area 3)  
 Location: Murrieta Hot Springs Road at Pourroy Road, Temecula  
 Map Grid: 929-D/6  
 Legal Description: Tract 29661-3  
 APNs: 957-720-004 thru 014; 957-721-001 thru 022; 957-722-014 thru 030;  
 957-723-002 thru 029; 957-730-001 thru 007; 957-732-001 thru 010 &  
 957-733-001 thru 006  
 Number of Lots: 99  
 Lot Size: 5,000 SF minimum  
 Condition: Nearly finished w/ recorded map  
 Views: Minor  
 Taxes: 2.0% effective tax rate (projected)

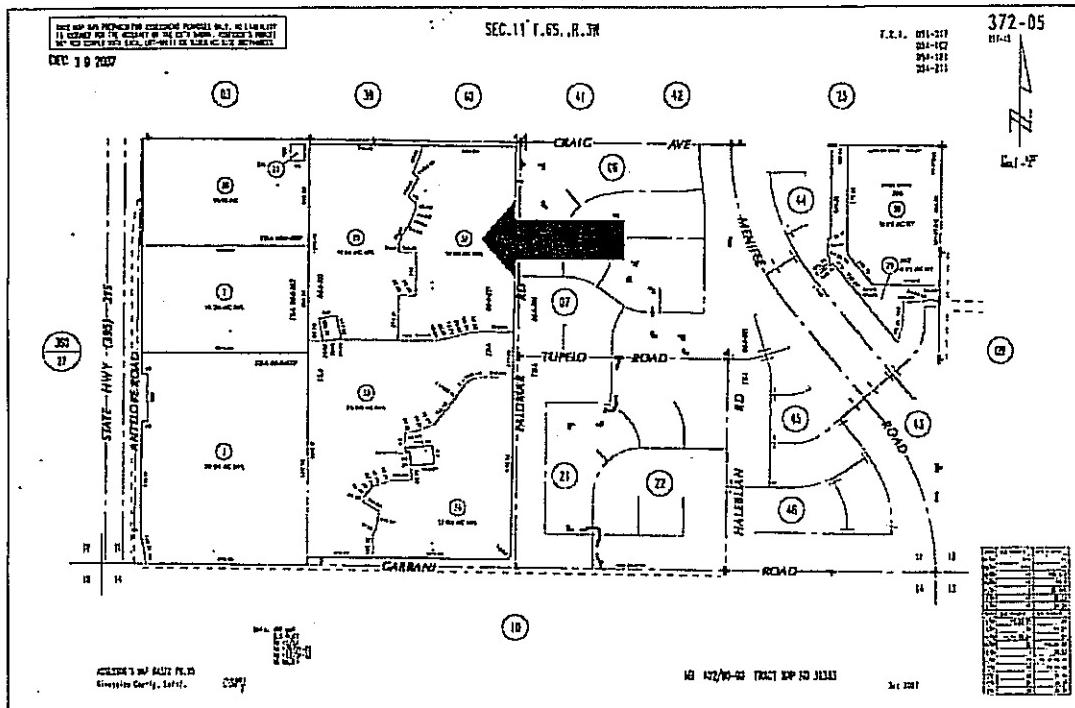
**SALE DATA**

Recording Date: May 7, 2008  
 Sale Price: \$6,000,000  
 Sale Price/Lot: \$60,000  
 Finishing Cost/Lot: \$31,376  
 Approx. Finished Lot Cost: \$91,376  
 Buyer: HRA Roripaugh 1 LLC  
 Seller: Vineyard Bank  
 Terms: All cash  
 Document No.: 2008-192480  
 Prior Sales (3 years): Purchased by Tanamera Homes in December 2005 for \$18,340,000.  
 Vineyard Bank acquired through foreclosure in \_\_\_\_ 2007  
 Source: Seller, appraisal files, and public records

*Michael Frauenthal & Associates, Inc.*

Appraisal of Tract 30808-1, Winchester Ranch, Winchester, CA

### **LAND SALE 3**



PROPERTY DATA

**Identification:** Terra Bella (McKinley Capital)

**Location:**

#### **Map Grid:**

**Legal Description:**

APNs:

**Number of Lots:**

**Lot Size:**

### Condition

### Views:

## Taxes:

— 16 —

## **SALE**

SALE DATA

Recording Date: April 11, 2008

Sale Price: \$1,792,000

Sale Price/Lot: \$28,000

Finishing Cost/Lot: \$45,000\*

Approx. Finished Lot Cost: \$73,000\*

Buyer: McKinley Capital Partners LLC

Seller: . Garbani

**Terms:** All cash

Document No.: 2008-180870

Prior Sales (3 years):  Part of

Source: Broker appraisal files and public records

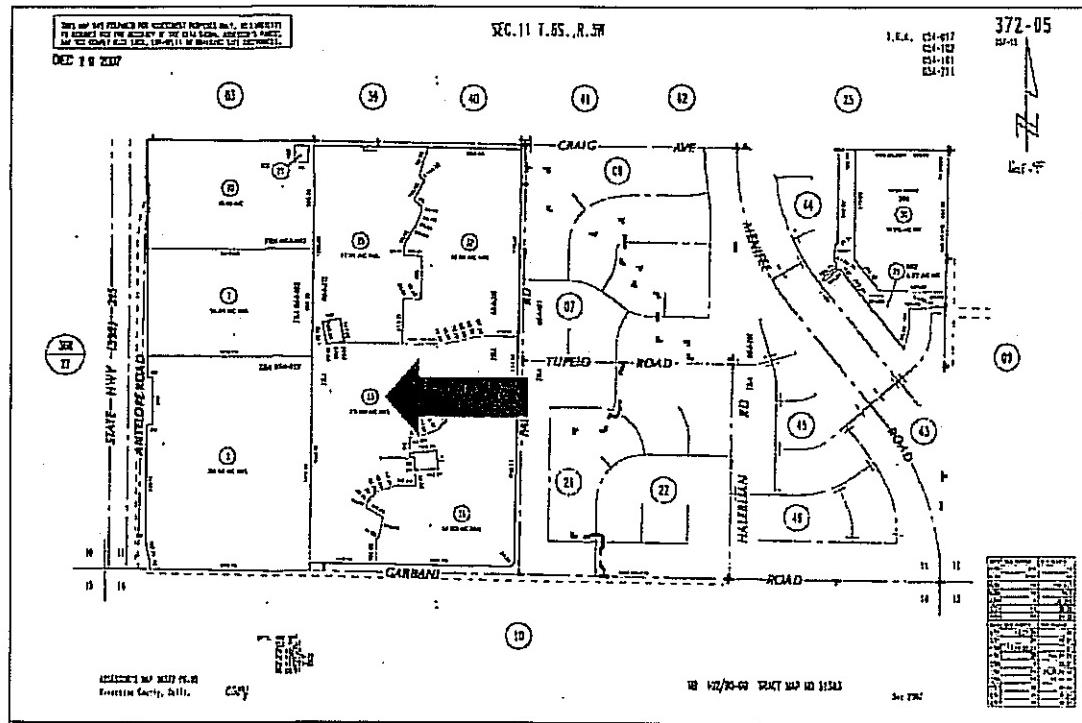
**Source:** Broker, appraisal files, and public records.

\*Assumes \$25,000 per lot in CFD credits/reimbursements.

*Michael Frauenthal & Associates, Inc.*

Appraisal of Tract 30808-1, Winchester Ranch, Winchester, CA

## *LAND SALE 4*



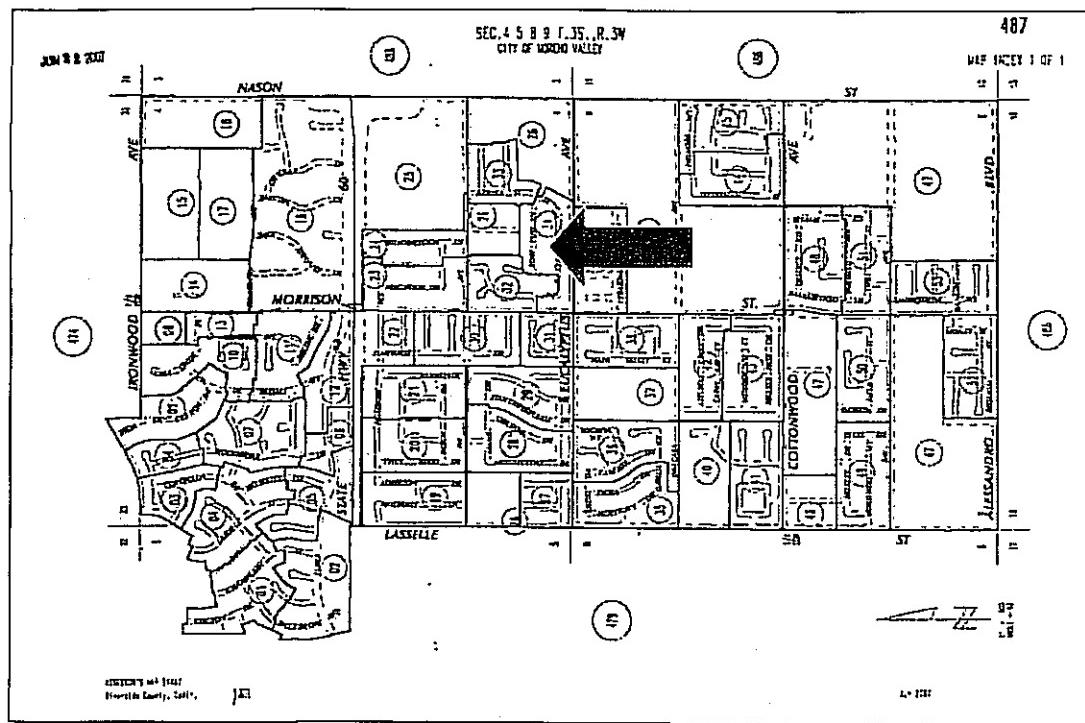
PROPERTY DATA

**Identification:** Terra Bella (Watt Communities)  
**Location:** NWC Garbani & Palomar, Menifee  
**Map Grid:** 868-F/5  
**Legal Description:** Tract 28206-1 & -F  
**APNs:** 372-050-033  
**Number of Lots:** 128  
**Lot Size:** 7,200 SF minimum  
**Condition:** Blue-tapped lots plus wet utilities w/ final map  
**Views:** Minor  
**Taxes:** 2.0% effective tax rate (projected)

**SALE DATA**

|                            |                                                                                  |
|----------------------------|----------------------------------------------------------------------------------|
| Recording Date:            | March 21, 2008                                                                   |
| Sale Price:                | \$3,584,000                                                                      |
| Sale Price/Lot:            | \$28,000                                                                         |
| Finishing Cost/Lot:        | \$45,000*                                                                        |
| Approx. Finished Lot Cost: | \$73,000*                                                                        |
| Buyer:                     | Watt Communities LLC                                                             |
| Seller:                    | Garbani 2005 LLC (Granite Homes)                                                 |
| Terms:                     | All cash                                                                         |
| Document No.:              | 2008-139797                                                                      |
| Prior Sales (3 years):     | Part of 80-acre site Granite purchased in June 2005 for reported \$23.5 million. |
| Source:                    | Broker, appraisal files, and public records                                      |

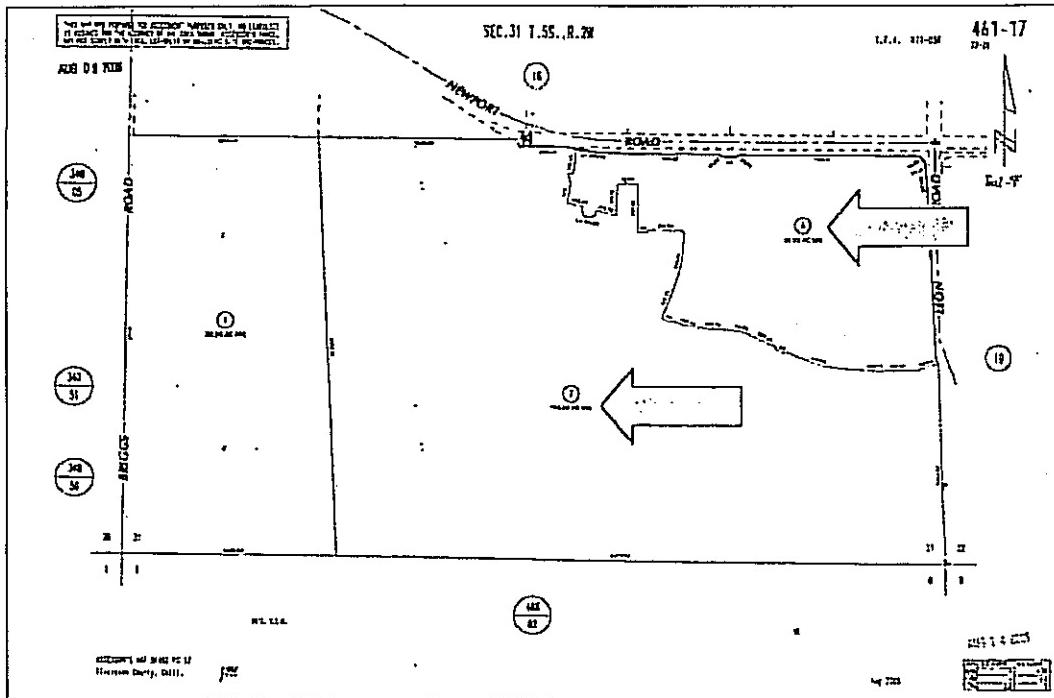
\* Assumes \$25,000 per lot in CFD credits/reimbursements.

Michael Frauenthal & Associates, Inc.Appraisal of Tract 30808-1, Winchester Ranch, Winchester, CA**LAND SALE 5****PROPERTY DATA**

**Identification:** Savannah  
**Location:** NW/O Eucalyptus & Nason Avenues, Moreno Valley,  
**Map Grid:** 718-A,B/  
**Legal Description:** Tract 27251  
**APNs:** 487-260-006; 487-320-001 thru 014; 487-321-001 thru 032; 487-340-  
 001 thru 020; 487-340-001 thru 023; 487-342-001 thru 005 & 487-343-  
 001 thru 011  
**Number of Lots:** 184  
**Lot Size:** 7,200 SF minimum  
**Condition:** 70 finished lots, 28 lots finished except streets, and 86 graded lots  
**Views/Taxes:** Minor/1.8 % effective tax rate (projected)

**SALE DATA**

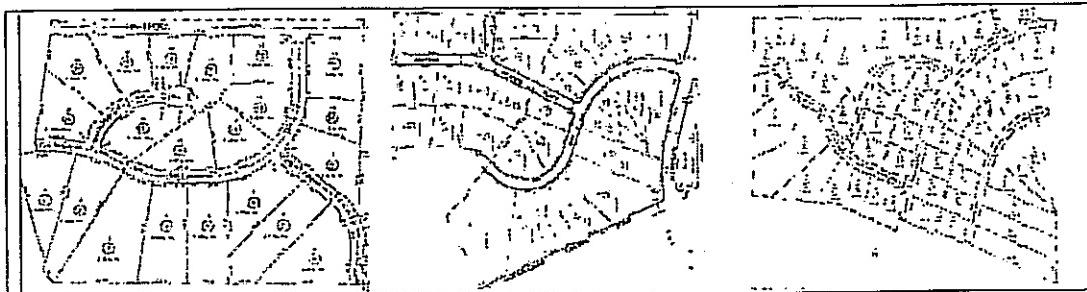
**Recording Date:** January 3, 2008  
**Sale Price:** \$3,500,000  
**Sale Price/Lot:** \$19,022  
**Finishing Cost/Lot:** \$69,500  
**Approx. Finished Lot Cost:** \$89,000  
**Buyer:** WSI Lincoln Property Holdings, LLC (Richland Communities)  
**Seller:** Richmond American Homes  
**Terms:** All cash  
**Document No.:** 2008-0000305  
**Prior Sales (3 years):** N/A  
**Source:** John Schafer, for buyer (lot condition and sale price), and Lindsay  
 Marrone, broker (finishing costs)

Michael Frauenthal & Associates, Inc.Appraisal of Tract 30808-1, Winchester Ranch, Winchester, CA**LAND SALE 6****PROPERTY DATA**

Identification: Winchester Ridge  
 Location: SWC Leon and Newport/Domenigoni, Winchester  
 Map Grid: 869-B/1  
 Legal Description: Tract 31892  
 APNs: 461-170-006 & 007  
 Number of Lots: 379  
 Lot Size: 7,200 SF minimum  
 Condition: Blue-topped w/ final map  
 Views: Minor  
 Taxes: 2.0% effective tax rate (projected)

**SALE DATA**

Recording Date: November 29, 2007  
 Sale Price: \$10,500,000  
 Sale Price/Lot: \$27,704  
 Finishing Cost/Lot: \$60,000  
 Approx. Finished Lot Cost: \$88,000  
 Buyer: Bluestone Communities  
 Seller: Lennar Homes of California Inc.  
 Terms: All cash  
 Document No.: 2007-718674  
 Prior Sales (3 years): Bluestone sold the paper lots to Lennar in 2 phases closing in July 2005 and June 2006 for a total of \$31,599,883. Lennar blue-topped the lots, decided against proceeding with the development, and resold them to Bluestone for 1/3 of the original price.  
 Source: Buyer

Michael Frequenthal & Associates, Inc.Appraisal of Roripaugh Ranch, Phase II, Temecula, CA***LAND SALE 7*****PROPERTY DATA**

Identification:  
 Location: Mockingbird Canyon Road at Mariposa Avenue, Riverside, CA  
 Map Grid: 745-G/6  
 Legal Description: Tract 22100  
 APNs: 273-520-001 thru 021; 273-580-001 thru 008; 273-580-010 thru 023;  
           273-580-025 thru 043; 273-580-045 thru 052; 273-590-001 thru 005 &  
           273-590-007 thru 043  
 Number of Lots: 131  
 Lot Size: 43,560 SF minimum  
 Condition: Unimproved w/recorded map  
 Views: Minor  
 Taxes: 1.1% effective tax rate (projected)

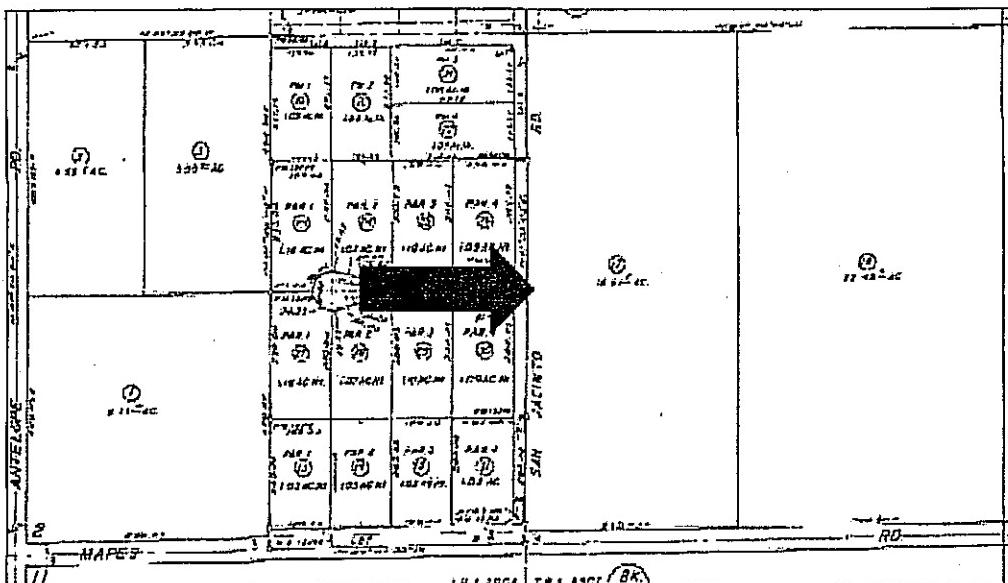
**SALE DATA**

|                            |               |
|----------------------------|---------------|
| Recording Date:            | February 2006 |
| Sale Price:                | N/Av          |
| Sale Price/Lot:            | N/Av          |
| Finishing Cost/Lot:        | N/Av          |
| Approx. Finished Lot Cost: | \$335,000     |
| Buyer:                     | KB Home       |
| Seller:                    | Scott Lissay  |
| Terms:                     | All cash      |
| Document No.:              | Not available |
| Prior Sales (3 years):     | N/A           |
| Source:                    | Confidential  |

*Michael Frouenthal & Associates, Inc.*

Appraisal of Roripaugh Ranch, Phase II, Temecula, CA

LAND SALE 8



#### *PROPERTY DATA*

### Identification

**Location:** NEC of Mapes Road & Trade Winds Drive, Romoland, CA

Map Grid: 808-E/6

Legal Description: Tract 31687

APNs: 327-340-017 & 018

**Number of Lots:**

**Lot Size:**

**Condition:**

### Views:

Taxes: 1.1 % effective tax rate (projected)

SALE DATA

Recording Date: June 9, 2006

Sale Price: \$4,411,250

Sale Price/Lot: \$67,865

**Finishing Cost/Lot:** \$160,642

Approx. Finished Lot Cost: \$228,507

Buyer: Trade Winds 65

Seller: Mapes 40, LLC

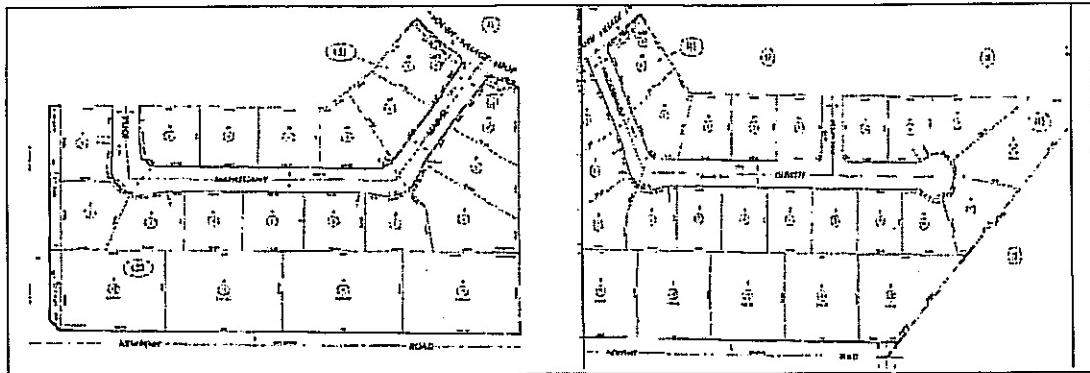
**Terms:** All cash

Document No.: 06-418433

Prior Sales (3 years): N/A

Source: Confidential

Exhibit 1-00089

Michael Frauenthal & Associates, Inc.Appraisal of Roripaugh Ranch, Phase II, Temecula, CA***LAND SALE 9*****PROPERTY DATA**

Identification:  
 Location: NEC of State Street & Newport Road, Hemet, CA  
 Map Grid: 838-H/6  
 Legal Description: Tract 32717  
 APNs: 454-430-001 thru 010; 454-430-013 thru 016; 454-431-001 thru 006;  
 454-440-001 thru 015; 454-440-017 thru 021 & 454-441-001 thru 005  
 Number of Lots: 44  
 Lot Size: 20,000 SF minimum  
 Condition: Blue-topped w/recorded map  
 Views: Minor  
 Taxes: 1.8% effective tax rate (projected)

**SALE DATA**

Recording Date: January 2006  
 Sale Price: N/A  
 Sale Price/Lot: N/A  
 Finishing Cost/Lot: N/A  
 Approx. Finished Lot Cost: \$165,000  
 Buyer: Lennar Homes Home  
 Seller: SunCal  
 Terms: All cash  
 Document No.: Not Available  
 Prior Sales (3 years): N/A  
 Source: Confidential

Michael Frauenthal & Associates, Inc.

Appraisal of Roripaugh Ranch, Phase II, Temecula, CA

### ***Land Sales***

***Land Sale 1*** refers to the April 2008 purchase of Planning Area 4A within the subject Roripaugh Ranch community. Planning Area 4A was purchased by Tanamera Homes in June 2005 for \$218,000 per finished lot. The lender, Vineyard Bank, subsequently foreclosed on the property and sold their interest to HRA Roripaugh 2 LLC, an investment entity, for \$6,000,000.

Planning Area 4A consists of 100 buildable lots with a minimum size of 5,000 square feet. The lots are in a nearly finished condition with minimal site development work required and payment of fees to be completed to a finished lot status, approximately \$31,376 per lot. The finished lot cost equates to approximately \$91,000 per lot. There is a CFD resulting in an anticipated effective tax rate of 2.0%.

***Land Sale 2*** refers to the purchase of Planning Area 3 within the subject Roripaugh Ranch community. Planning Area 3 was purchased by Tanamera Homes in November 2005 for \$217,000 per finished lot. The lender, Vineyard Bank, subsequently foreclosed on the property and sold their interest to HRA Roripaugh 1 LLC, an investment entity, in May 2008 for \$5,346,000.

Planning Area 3 consists of 99 lots with a minimum size of 5,000 square feet. The lots are in a nearly finished condition with minimal site development work required and payment of fees to be completed to a finished lot status, approximately \$38,104 per lot. The finished lot cost equates to approximately \$92,000 per lot. There is a CFD resulting in an anticipated effective tax rate of 2.0%.

***Land Sale 3*** refers to the April 2008 closing of 64 lots within the Terra Bella project, located at the southwest corner of Craig and Palomar Roads in Menifee, approximately nine miles northwest of the subject. The lots were blue-topped, with some street and utility work completed and a final map ready to record.

Granite Homes sold these lots to McKinley Capital Partners, a Pleasanton-based investment firm. A CFD totaling \$29,000 per lot in credits and reimbursements has been set up, but not funded. Because of falling home prices, though, only about \$25,000 can be paid through the CFD, and we have adjusted the finishing cost and finished lot cost accordingly. This is the most recent bulk lot sale in Menifee, and reflects a value of \$28,000 per semi-finished lot and approximately \$73,000 per finished lot.

Michael Frauenthal & Associates, Inc.Appraisal of Roripaugh Ranch, Phase II, Temecula, CA

**Land Sale 4** refers to the March 2008 sale of 128 lots in the Terra Bella community about nine miles northwest of the subject. Granite Homes sold the lots to Watt Communities for \$3,584,000, or \$28,000 per semi-finished lot. Granite will reportedly build homes for Watt, and there was some speculation that this influenced Granite to accept a lower price than they otherwise would have. However, there was no such arrangement with McKinley Capital (see Land Sale 3), demonstrating that this is not the case. This sale reflects the same ±\$73,000 finished lot cost as Sale 3, based on the same CFD assumption.

**Land Sale 5** refers to the January 2008 sale of 184 lots in Richmond American's Savannah project, located approximately 27.5 miles north of the subject, northwest of Eucalyptus and Nason Avenues, in Moreno Valley. Ninety-eight lots lay within a recorded map, and 86 lots had a tentative map. Of the 98 recorded lots, 70 were essentially finished, and 28 were finished except for streets. The 86 tentatively-mapped lots were graded. Richmond American had purchased these lots from Richland Communities in 2005 for \$71,000 per paper lot.

After developing the lots as indicated above, Richmond American decided against completing the project, and sold the lots back to an affiliate of Richland Communities for \$3.5 million, or \$19,022 per lot. At this price, the average finished lot cost would be approximately \$89,000. The deal was put together in less than a week, and the seller was motivated to close quickly for tax reasons. Richland has listed a portion of the site with The Hoffman Company for development with 316 apartments and a 4.7-acre retail center at \$8 million.

**Land Sale 6** refers to the November 2007 sale of 379 blue-topped lots located at the southwest corner of Newport Road/Domenigoni Parkway and Leon Road in Winchester, approximately 10 miles north of the subject. Lennar Homes had purchased the paper lots from Bluestone Communities in 2 takedowns, closing in July 2005 and June 2006, for a total price of \$31,599,883. After developing the lots to blue-topped condition, Lennar decided not to proceed with the development. They sold the lots back to Bluestone in November 2007 for \$10.5 million (\$27,704 per lot), just 1/3 of what they had paid for the unimproved lots. Bluestone expects to hold the land for 3 to 5 years and generate an unleveraged IRR of 19% to 20% per year.

**Land Sale 7** refers to the February 2006 sale of a 131-lot site located on the northeast side of Mockingbird Canyon Road at Mariposa Avenue in the Woodcrest area of Riverside County, approximately 28 miles northwest of the subject. KB Home purchased these 1-acre lots at a finished lot price of \$335,000 per lot. The lots were in an unimproved condition at the time of sale, but had a recorded tract map (Tract 22100). The effective tax rate for this development has been reported at 1.7%.

Michael Frauenthal & Associates, Inc.Appraisal of Roripaugh Ranch, Phase II, Temecula, CA

**Land Sale 8** refers to the June 2006 Griffin Communities purchase of 65 lots located at the northeast corner of Mapes Road and Trade Winds Drive in the community of Romoland, approximately 16 miles north of the subject. Griffin Communities purchased this generally level site for \$4,411,250, or \$67,865 per lot. Site development costs were reported at \$160,642 per lot resulting in a finished cost of \$229,000 per lot. The lots are identified as Tentative Tract 31687 and have a minimum size of 21,780 square feet.

**Land Sale 9** refers to the purchase of 44 lots located at the northeast corner of State Street and Domenigoni Parkway in the city of Hemet, approximately 12 miles northeast of the subject. Lennar Homes purchased this generally level site in a blue-topped condition in January 2006 for \$165,000 per finished lot. The lots are identified as Tentative Tract 32717 and have a minimum size of 20,000 square feet.

### ***Value Analysis***

The residential land sales presented represent bulk single-family lot sales with minimum sizes ranging from 5,000 to 43,560 square feet. We have analyzed the subject planning areas utilizing the most similar comparable sales. Sales 1 through 6 have been analyzed to estimate a value for Planning Areas 14, 16, 18 and 23 while Sales 7 through 9 have used in analyzing Planning Area 20. Sales 1 through 6 reflect unadjusted prices ranging from \$73,000 to \$91,000 per finished lot. Sales 7, 8 and 9 reflect unadjusted prices ranging from \$165,000 to \$335,000 per finished lot.

In comparing the sales to the subject, we have analyzed the influence of potential differences in conditions of sale, sale terms, sale date/market conditions, lot size, assessments, location, lot premiums, and tract size/number of lots. These items are discussed briefly below and summarized on the following *Tables 10A through 10E*.

### ***Property Interest***

The sales all involve conveyance of the fee simple interest, the same real estate interest under appraisal for the subject property. Thus, no adjustments are made for this factor.

### ***Sale Terms***

All of the comparable sales were considered cash equivalent. Public records indicate that Lennar took back a note (Sale 6), but those familiar with the deal say this had little, if any, impact on the price. We have therefore made no adjustments for sale terms/cash equivalence.

| TABLE 10A<br>LAND SALES ADJUSTMENT GRID<br>RORIPAUGH RANCH, PHASE II |                |          |             |          |            |
|----------------------------------------------------------------------|----------------|----------|-------------|----------|------------|
| Planning Area 14 [7,150 SF]                                          |                |          |             |          |            |
|                                                                      | Subject        | 1        | 2           | 3        | 4          |
| COMPARABLE<br>Finished Lot/Unit                                      |                | \$91,000 | \$92,000    | \$73,000 | \$19,000   |
| Conditions of Sale                                                   | Typical        | \$0      | Typical     | \$0      | \$18,000   |
| Adjusted Value                                                       |                | \$91,000 | \$92,000    | \$73,000 |            |
| Sale Terms                                                           | Cash-Equiventl | \$0      | Cash-Equiv. | \$0      | \$0        |
| Adjusted Value                                                       |                | \$91,000 | \$92,000    | \$73,000 |            |
| Sale Date/Market Conditions                                          | May-08         | \$0      | May-08      | \$0      | Mar-08     |
| Adjusted Value                                                       |                | \$91,000 | \$92,000    | \$73,000 | \$73,000   |
| Lot Size {SF}                                                        | 3,150          | 5,000    | (34,625)    | 7,200    | (\$10,125) |
| Adjusted Value                                                       |                | \$85,375 | \$85,375    | \$82,875 | \$65,975   |
| Assessment/Lotution                                                  | 2.0%           | Similar  | Similar     | \$21,500 | \$22,360   |
| Adjusted Value                                                       | Temecula       | \$86,375 | Temecula    | \$84,775 | Interior   |
| Lot Premiums                                                         | Minor          | \$0      | Minor       | \$0      | Minor      |
| Adjusted Value                                                       | Similar        | \$86,375 | Similar     | \$84,775 | Similar    |
| No. Lots                                                             | 77             | 100      | 99          | \$4      | 184        |
| Adjusted Value                                                       | \$86,350       | \$86,375 | \$87,375    | \$84,775 | \$86,375   |

**TABLE 10B  
LAND SALES ADJUSTMENT GRID  
RORIPAUGH RANCH, PHASE II**

| COMPARABLE<br>Finished Lot Unit  |                   | 1         | 2        | 3         | 4        | 5         | 6        |
|----------------------------------|-------------------|-----------|----------|-----------|----------|-----------|----------|
| Conditions of Sale               |                   |           | \$92,000 | \$73,000  | \$73,000 | \$88,000  | \$88,000 |
| Sale Terms                       | Adjusted Value    |           |          |           |          |           |          |
| Sale Date                        | Market Conditions |           |          |           |          |           |          |
| May-06                           | Apr-06            | \$91,000  | \$92,000 | \$73,000  | \$73,000 | \$88,000  | \$87,600 |
| 4,000                            | 5,000             | (\$2,500) | 5,000    | (\$2,500) | 7,200    | (\$8,000) | 7,200    |
| Lot Size (SF)                    | Adjusted Value    |           |          |           |          |           |          |
| 2,000                            | Similar           | \$88,500  | \$89,500 | \$81,000  | \$81,000 | \$82,500  | \$81,120 |
| Temecula                         | Temecula          | \$88,500  | Temecula | \$88,900  | Menifee  | \$88,900  | \$83,520 |
| Minor                            | Minor             | \$88,500  | Similar  | \$80,500  | Minor    | \$80,500  | \$80,500 |
| 71                               | 100               | \$88,500  | \$89,500 | \$86,900  | \$86,900 | \$89,700  | \$86,600 |
| Assessments/Constraints/Location |                   |           |          |           |          |           |          |
| Adjusted Value                   | Adjusted Value    |           |          |           |          |           |          |
| Major Premiums                   | Adjusted Value    |           |          |           |          |           |          |
| Lots, Lots                       | Adjusted Value    |           |          |           |          |           |          |

TABLE 10C  
LAND SALES ADJUSTMENT GRID  
RORIPAUGH RANCH, PHASE II  
*Planning Area 16 (5,000 SF)*

| Comparable<br>Finished Lot/Unit               | 1           | \$91,000 | 2           | \$92,000 | 3           | \$73,000  | 4           | \$73,000  | 5             | \$69,000  | 6           | \$68,000   |
|-----------------------------------------------|-------------|----------|-------------|----------|-------------|-----------|-------------|-----------|---------------|-----------|-------------|------------|
| Conditions of Sale<br>Adjusted Value          | Typical     | \$0      | Typical     | \$0      | Typical     | \$0       | Typical     | \$0       | Quick Sale    | \$5,000   | Typical     | \$0        |
| Sale Terms<br>Adjusted Value                  | Cash-Equiv. | \$91,000 | Cash-Equiv. | \$92,000 | Cash-Equiv. | \$73,000  | Cash-Equiv. | \$73,000  | Cash-Equiv.   | \$94,000  | Cash-Equiv. | \$94,000   |
| Sale Date/Market Conditions<br>Adjusted Value | May-08      | \$0      | May-08      | \$0      | Apr-08      | \$0       | Mar-08      | \$0       | Jan-08        | \$18,000  | Nov-07      | (\$17,500) |
| Lot Size (SF)<br>Adjusted Value               | 5,000       | \$0      | 5,000       | \$0      | 7,200       | (\$5,500) | 7,200       | (\$5,500) | 7,200         | (\$5,500) | 7,200       | (\$5,500)  |
| Assessments/Location<br>Adjusted Value        | 2.0%        | Similar  | \$0         | Similar  | \$0         | Interior  | \$21,900    | Interior  | \$22,500      | Interior  | \$21,120    | \$86,020   |
| Lot Premiums<br>Adjusted Value                | Temecula    | \$91,000 | Temecula    | \$92,000 | Menifee     | \$89,400  | Menifee     | \$89,400  | Moreno Valley | \$92,250  | Winchester  | \$86,020   |
| Lot Lcks<br>Adjusted Value                    | Minor       | \$0      | Minor       | \$0      | Minor       | \$0       | Minor       | \$0       | Minor         | \$0       | Minor       | \$0        |
|                                               | Similar     | \$91,000 | Similar     | \$92,000 | Similar     | \$89,400  | Similar     | \$89,400  | Similar       | \$92,250  | Similar     | \$86,020   |
|                                               | 121         | 100      | 99          | 99       | 99          | 100       | 100         | 100       | 104           | 90        | 97          | \$5,000    |
|                                               | \$91,000    |          | \$91,000    |          | \$92,000    |           | \$89,400    |           | \$89,400      |           | \$92,250    | \$91,020   |

TABLE 10D  
LAND SALES ADJUSTMENT GRID  
RORIPAUGH RANCH, PHASE II  
Planning Area 18 (6,000 SF)

| Comparable<br>Finished Lot Unit | 1 | 2        | 3        | 4        | 5        | 6        |
|---------------------------------|---|----------|----------|----------|----------|----------|
| Conditions of Sale              |   | \$92,000 | \$73,000 | \$73,000 | \$99,000 | \$88,000 |
| Adjusted Value                  |   |          |          |          |          |          |
| Sale Terms                      |   |          |          |          |          |          |
| Adjusted Value                  |   |          |          |          |          |          |
| Sale Date/Market Conditions     |   |          |          |          |          |          |
| Adjusted Value                  |   |          |          |          |          |          |
| Lot Size (SF)                   |   |          |          |          |          |          |
| Adjusted Value                  |   |          |          |          |          |          |
| Assessments/Location            |   |          |          |          |          |          |
| Adjusted Value                  |   |          |          |          |          |          |
| Lot Premiums                    |   |          |          |          |          |          |
| Adjusted Value                  |   |          |          |          |          |          |
| No. Lots                        |   |          |          |          |          |          |
| Adjusted Value                  |   |          |          |          |          |          |

**TABLE 10E**  
**LAND SALES ADJUSTMENT GRID**  
**RORIPAUGH RANCH, PHASE II**

**PLANNING AREA 20 (21,780-SQUARE FOOT LOTS)**

| COMPARABLE                | Subject   | 10        | 11          | 12        |
|---------------------------|-----------|-----------|-------------|-----------|
| Finished Lot Cost         |           | \$335,000 | \$229,000   | \$165,000 |
| Sale Conditions/Terms     | Typical   | Typical   | \$0         | Typical   |
| Adjusted Value            |           | \$335,000 | \$229,000   | \$165,000 |
| Sale Date/Mkt. Conditions | May-08    | Feb-06    | (\$150,750) | Jun-06    |
| Adjusted Value            |           | \$184,250 | (\$103,050) | Jan-06    |
| Location                  | Temecula  | Woodcrest | (\$18,425)  | Romoland  |
| Adjusted Value            |           | Superior  | \$165,825   | Similar   |
| Min. Lot Size (SF)        | 21,780    | 43,560    | (\$10,000)  | \$25,190  |
| Adjusted Value            |           |           | \$155,825   | Hemet     |
| Views                     | None      | None      | \$0         | None      |
| Adjusted Value            |           |           | \$155,825   | Inferior  |
| No. Lots                  | 29        | 131       | \$0         | None      |
| Adjusted Value            | \$150,000 |           | \$156,000   | \$127,050 |
|                           |           |           |             |           |